public
accounts
2000-01

volume 4 — the financial statements of funds, organizations, agencies and enterprises included in the government reporting entity

Manitoba
Finance

for the year ended March 31, 2001

+5

VOLUME 4

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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statues of Manitoba. The Public Accounts for the fiscal year ended March 31, 2001 consist of four volumes:

Volume 1

- This is included in the government's Annual Report
- Section 1 focuses on the entire reporting entity and includes the Summary Financial Statements of the government.
- Section 2 consists of the special purpose financial statements prepared for the Operating Fund. This section focuses on the government's stewardship over the assets and operations of central government. Performance is related to the legislative authorities provided by the annual appropriation of funds by the Legislature through the Estimates process.

Volume 2

- Contains the audited Schedule of Public Sector Compensation Payments of $50,000 or more as paid through the Consolidated Fund as well as those paid by Special Operating Agencies.
- Contains details of unaudited Consolidated Fund and Special Operating Agencies payments in excess of $5000 to corporations, firms, individuals, other governments and government agencies.

Volume 3

- Contains the details of the Operating Fund Financial Statements.
- Contains the details of the Operating Fund borrowings and guarantees.
- Contains the details of the Operating Fund revenue and expenditure.
- Contains information provided under Statutory Requirement.
- Contains information concerning certain Operating Fund financial indicators.
- Contains glossary information.

These statements are all unaudited with the exception of the following:
- The Report of Amounts Paid to Members of the Assembly; and
- The Northern Affairs Fund

Volume 4

- Contains the audited financial statements of funds, organizations, agencies and enterprises included in the Government Reporting Entity.

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SPECIAL FUNDS

THE ABANDONMENT FUND RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	138,199	131,405
RECEIPTS:		
Royalties	47,100	26,050
Other Recoveries	-	30,419
Interest	3,872	3,414
	50,972	59,883
DISBURSEMENTS:		
Rehabilitation payments	1,574	53,089
Balance, end of year	187,597	138,199

Office of the Provincial Auditor

500 - 330 Portage Avenue
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AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Debt Retirement Fund as at March 31, 2001 and the statement of revenue and expense and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jon W. Singleton, CA•CISA
Provincial Auditor

Winnipeg, Manitoba
September 24, 2001

DEBT RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2001
(in thousands)

	2001 $	2000 $
ASSETS		
Funds on Deposit with the Minister of Finance	75,227	-
FUND BALANCE		
Fund Balance	75,227	-

DEBT RETIREMENT FUND
STATEMENT OF REVENUE AND EXPENSE AND FUND BALANCE

For the Year Ended March 31, 2001
(in thousands)

	2001 $	2000 $
REVENUE		
Interest Earnings	227	32
Transfer from the Operating Fund (Note 2)	96,357	75,000
	96,584	75,032
EXPENSE		
Transfers for (Note 2):		
- Debt Retirement	-	305,103
- Pension Obligation	21,357	-
	21,357	305,103
Fund Balance, beginning of year	-	230,071
Fund Balance, end of year	75,227	-

DEBT RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. Incorporation and Function

The Debt Retirement Fund was established under the authority of the Balanced Budget, Debt Repayment and Taxpayer Protection Act, which received Royal Assent on November 3, 1995. The purpose of the Fund was to assist in the orderly repayment of debt pursuant with sections 8(4) and 8(6) of the Act.

On August 18, 2000, the Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act was passed amending The Balanced Budget, Debt Repayment and Taxpayer Protection Act, with related amendments to The Fiscal Stabilization Fund Act and The Financial Administration Act. The Bill changed the name of the Act to The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000. Major changes ensure that transfers to and from The Debt Retirement Fund are not recorded as expenditure or revenue but as transfers and broaden the scope of debt repayment to include the pension liability of the government.

2. Transfer for Debt Retirement and Pension Obligation

The government transferred $96 million to the Debt Retirement Fund from the Operating Fund for the specific purpose of reducing general purpose debt and pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Fund. The transfer was made in accordance with subsection 8(4) of The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. The government transferred $21 million from the Debt Retirement Fund for the specific purpose of reducing pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Fund. This transfer was made in accordance with subsection 8(6) of the Balanced Budget, Debt Repayment and Taxpayer Accountability Act.

3. Statement of Cash Flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

Elk Management Fund

Balance Sheet

As at March 31, 2001
(with 2000 figures for comparison)

		2001	2000
Assets			
	Funds on deposit with the Province	$ 250	$ 766
	Accounts Receivable - Note 1c, 5	-	152,800
	Inventory - Note 1, 3	-	446,446
		250	600,012
Liabilities and Fund Balance			
	Accounts Payable	-	106,200
	Loan Advance from the Province - Note 4	750,822	261,288
		750,822	367,488
	Accumulated Fund Balance - Note 2, 3	(750,572)	232,524
		$ 250	$ 600,012

Statement of Revenue and Expenditures

For the Year Ended March 31, 2001
(with 2000 figures for comparison)

		2001	2000
Revenue - Note 3			
	Antler Velvet/Elk Manuals	50	-
	License Fees	4,250	2,700
	Course Registration	800	-
		5,100	2,700
Expenditures - Note 1			
	Administration	18,159	16,123
	Interest	34,551	4,540
		52,710	20,663
Excess of Expenditures over Revenue		(47,610)	(17,963)
Extraordinary loss - Note 5:			
Loss on Recovery of Expenditures		(326,000)	-
Loss on Writedown of Inventory to Current Market Value		(609,486)	-
Net Expenditures over Revenue after Extraordinary Loss		($983,096)	($17,963)

Notes to Financial Statements
For the Year Ended March 31, 2001

1. Significant Accounting Policies

(a) The financial statements of the fund are prepared using the accrual basis of accounting. The 2000 comparative figures have been restated to conform to current practices.

(b) Expenditures related to the capture and holding of elk is capitalized as inventory and will be expensed when the corresponding revenue, from the dispersal of the captured elk, is recognized.

(c) Expenditures which were incurred on behalf of private landowners and Manitoba First Nations Elk and Bison Council.

(d) Captured elk in holding facilities as at March 31, 2001 remain assets of the Crown and therefore have not been included in the value of the inventory.

2. Nature of Fund

The Elk Management Fund was established under the authority of the Livestock Industry Diversification Act and the Elk Game Production Regulation. The Minister established a management fund for the purpose of funding:

(a) Programs for the protection and enhancement of elk and their habitat.
(b) The capture of elk from the wild, and their maintenance and disposition.
(c) Elk research programs and demonstration projects.
(d) Costs associated with administering the Act.

3. Sale of Elk

Due to an extended testing period mandated by the Canadian Food Inspection Agency (CFIA); the elk could not be sold in 2000. Testing is expected to be complete by the Fall of 2001. There were no elk captured in 2001.

4. Loan Advance Province of Manitoba

Interest is charged at prime plus two per cent per annum. Repayment of the advances is due to the Province of Manitoba upon the sale of elk.

5. Extraordinary Loss

This loss is due to declining elk prices, delay in elk dispersal because of CFIA testing requirements, land access payments for the capture of elk and the non-recovery of expenditures from private landowners and Manitoba First Nations Elk and Bison Council (MFNEBC). These factors have resulted in the writing down of the Fund inventory to fair market value ($609,486) and allowance for non-recovery of receivables ($326,000) arising from expenditures incurred on behalf of private landowners and MFNEBC at March 31, 2001. It is expected that the Elk Management Fund will have an accumulated deficit of $765,245 by the end of Fiscal 2001/02.

THE FARM MACHINERY AND EQUIPMENT ACT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	469,286	469,286
RECEIPTS:		
Premiums	-	-
DISBURSEMENTS:		
Claims	15,000	-
Balance, end of year	454,286	469,286

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Fiscal Stabilization Fund as at March 31, 2001 and the statement of revenue and expense and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
September 24, 2001

Jon W. Singleton, CA•CISA
Provincial Auditor

FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2001
(in thousands)

	2001 $	2000 $
ASSETS		
Funds on Deposit with the Minister of Finance	320,494	264,790
FUND BALANCE		
Fund Balance	320,494	264,790

FISCAL STABILIZATION FUND
STATEMENT OF REVENUE AND EXPENSE AND FUND BALANCE

For the Year Ended March 31, 2001
(in thousands)

	2001 $	2000 $
REVENUE		
Interest	15,240	11,313
Transfer from the Operating Fund (Note 2)	40,464	10,868
	55,704	22,181
EXPENSE		
Transfer to the Operating Fund (Note 3)	-	184,702
	55,704	(162,521)
Fund Balance, beginning of year	264,790	427,311
Fund Balance, end of year	320,494	264,790

FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. Incorporation and Function

The Fiscal Stabilization Fund was established at March 31, 1989, under the authority of The Fiscal Stabilization Fund Act, which received Royal Assent on December 13, 1989. The legislated purpose of the Fund is to assist in stabilizing the fiscal position of the government from year to year and to improve long-term fiscal planning. Under the provisions of the Act, the government may deposit in the Fund any part of the revenue or other financial assets received in the Operating Fund in any fiscal year and shall credit to the Stabilization Fund any earnings from investment of the Stabilization Fund. All or part of the fund balance can be transferred to the Operating Fund in accordance with the provisions of the Act.

On August 18, 2000, the Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act was passed amending The Balanced Budget, Debt Repayment and Taxpayer Protection Act, with related amendments to The Fiscal Stabilization Fund Act and The Financial Administration Act. The Bill changed the name of the Act to The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000. Major changes ensure that transfers to and from the Fiscal Stabilization Fund are not recorded as expense or revenue but as transfers, and proceeds from the sale of a Crown corporation are not to be used in determining whether there is a positive or negative balance for a fiscal year.

2. Transfer from the Operating Fund

The Balanced Budget, Debt Repayment and Taxpayer Accountability Act and The Fiscal Stabilization Fund Act require any Operating Fund positive balance to be transferred to the Fund until its target level is reached. The Minister of Finance has the authority to transfer additional positive balances to the Fund as he considers appropriate. The target level for the Fiscal Stabilization Fund is a minimum of 5% of the expenses of the Operating Fund or approximately $331 million, based on 2000-2001 expenses. As reported in the Public Accounts of the Province of Manitoba for 2000-2001, the Operating Fund had a positive balance of $41 million which was transferred to the Fiscal Stabilization Fund.

3. Transfer to the Operating Fund

Under section 4 of The Fiscal Stabilization Fund Act, the Minister of Finance, with the approval of the Lieutenant Governor in Council, may transfer once in each fiscal year all or any amounts standing to the credit of the Fund to the Operating Fund to assist in stabilizing the fiscal position of the government.

4. Statement of Cash Flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	234,340	191,734
RECEIPTS:		
Fees	66,609	42,606
DISBURSEMENTS:		
Payments	535	-
Balance, end of year	300,414	234,340

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	3,495	42,845
RECEIPTS:		
Department of Justice	85,000	50,000
Manitoba Law Foundation	50,000	30,000
	135,000	80,000
DISBURSEMENTS:		
Operating expenses	121,431	119,350
Balance, end of year	17,064	3,495

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	19,313,111	19,117,997
RECEIPTS:		
Transfer of Mining Tax Revenues	1,340,310	198,060
Interest received during the year	1,078,229	918,640
	2,418,539	1,116,700
DISBURSEMENTS:		
Local Government District of Lynn Lake	40,381	51,984
Manitoba Prospectors Assistance Program	-	87,079
Norman Development Region	-	11,413
Town of Leaf Rapids	50,000	-
Town of Lynn Lake	15,000	-
Transfer to General Revenue	2,106,351	771,110
	2,211,732	921,586
Balance, end of year	19,519,918	19,313,111

THE MINING REHABILITATION FUND RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001

	2001 $
Balance, beginning of year	-
RECEIPTS:	
Royalties	22,000
Interest	233
	22,233
Balance, end of year	22,233

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	5,346,565	5,639,598
RECEIPTS:		
Royalties	1,385,630	1,680,545
Interest	211,619	178,304
	1,597,249	1,858,849
DISBURSEMENTS:		
Rehabilitation payments	1,958,460	2,151,882
Balance, end of year	4,985,354	5,346,565

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	8,605	2,435
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch	7,800	7,800
Repayment of bursaries	10,240	15,170
	18,040	22,970
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	18,750	16,800
Balance, end of year	7,895	8,605

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2001
(with comparative figures for the year ended March 31, 2000)

	2001 $	2000 $
Balance, beginning of year	905,944	374,893
RECEIPTS:		
Surcharge on Provincial Fines	1,153,539	1,230,092
Interest	28,516	26,783
Miscellaneous	7,919	197,208
	1,189,974	1,454,083
DISBURSEMENTS:		
Operating expenses	841,157	923,032
Balance, end of year	1,254,761	905,944

CROWN ORGANIZATIONS

PRICEWATERHOUSECOOPERS

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May 25, 2001

Auditors' Report

To the Board of Governors of
Addictions Foundation of Manitoba

We have audited the balance sheet of **Addictions Foundation of Manitoba** as at March 31, 2001 and the statements of revenue and expenditures, changes in net assets, and cash receipts and cash disbursements for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization

Addictions Foundation of Manitoba
(incorporated under the laws of Manitoba)
Balance Sheet
As at March 31, 2001

	2001	2000
	$	$
Assets		
Cash	1,088,600	1,125,657
Accounts receivable	170,043	193,623
Prepaid insurance	7,920	7,928
Capital assets (note 3)	3,084,625	3,157,790
Province of Manitoba vacation pay receivable (note 4)	667,567	667,567
Province of Manitoba severance pay receivable (note 5)	1,153,316	1,153,316
Province of Manitoba long-term pension funding commitments (note 6)	9,555,615	8,825,248
	15,727,686	15,131,129
Liabilities		
Accounts payable and accrued liabilities	324,869	516,490
Accrued vacation pay (note 4)	706,072	726,869
Accrued severance pay (note 5)	1,232,662	1,104,451
Deferred contributions (note 7)	-	35,485
Provision for employee pension benefits (note 6)	9,555,615	8,825,248
	11,819,218	11,208,543
Net Assets		
Net assets invested in capital assets	3,084,625	3,157,790
Net assets internally restricted (note 8)	664,000	644,800
Unrestricted net assets	159,843	119,996
	3,908,468	3,922,586
	15,727,686	15,131,129

Approved by the Board of Directors

________________ Chairman

________________ Treasurer

PRICEWATERHOUSECOOPERS

Addictions Foundation of Manitoba

Statement of Revenue and Expenditures

For the year ended March 31, 2001

	2001 $	2000 $
Revenue		
Government of the Province of Manitoba operating grant	10,848,000	10,367,800
Government of the Province of Manitoba long-term pension revenue (note 6)	730,367	762,610
Other revenue		
Impaired Drivers Program fees	611,180	643,885
Manitoba Lotteries Corporation Funding	1,654,999	1,652,100
School Support Program	114,000	72,050
Recovery of wages, medical and treatment services and travel expenditures	592,200	523,765
Training course fees	110,231	101,530
Donations	26,937	15,808
Interest	123,827	96,509
Property rental	24,195	33,671
Manitoba Health capital funding	210,264	102,549
Parking rentals	18,689	19,142
Manitoba Government Employees' Union	5,235	6,183
Miscellaneous	18,888	3,526
Problem Gambling Services Conference	54,135	26,515
Youth Residential Programs	311,850	212,100
	15,454,997	14,639,743
Expenditures (Schedule)	15,469,115	14,401,426
Excess (deficiency) of revenue over expenditures	(14,118)	238,317

Addictions Foundation of Manitoba

Schedule of Expenditures

For the year ended March 31, 2001

	2001 $	2000 $
Salaries	8,740,080	8,565,428
Wages	1,022,557	693,719
Advertising and exhibits	64,044	75,956
Amortization	180,021	148,557
Audio-visual aids	16,285	15,380
Audit	8,200	8,000
Board of Governors' honorarium	10,329	17,980
Books, newspapers and periodicals	41,154	38,287
Courier and freight	25,222	18,208
Educational literature	133,437	109,029
Employee benefits	832,699	783,715
Fees	461,885	372,452
Food supplies	268,067	245,579
Health and post secondary education tax levy	207,706	196,141
Household supplies	66,342	69,522
Materials, repairs and maintenance	547,126	427,383
Medical services and supplies	225,823	207,857
Miscellaneous	10,699	12,209
Pension (note 6)	1,167,112	1,088,268
Postage and telephone	266,250	245,123
Printing, stationery and office supplies	220,072	203,579
Rent, insurance and property taxes	311,152	270,546
Staff development	54,513	42,831
Training	15,511	9,828
Transportation of patients	16,867	13,744
Travel and automobile	367,906	348,604
Utilities	188,056	173,501
	15,469,115	14,401,426

Addictions Foundation of Manitoba

Statement of Changes in Net Assets

For the year ended March 31, 2001

			2001		2000
	Invested in capital assets $	Internally restricted $	Unrestricted $	Total $	Total $
Balance - Beginning of year	3,157,790	644.800	119,996	3.922.586	3,684.269
Excess (deficiency) of revenue over expenditures	(180,021)	-	165,903	(14,118)	238,317
Investment in capital assets	106,856	-	(106,856)	-	-
Internally imposed restrictions (note 8)	-	19,200	(19.200)	-	-
Balance - End of year	3.084.625	664.000	159.843	3.908.468	3.922.586

Addictions Foundation of Manitoba

Statement of Cash Receipts and Cash Disbursements

For the year ended March 31, 2001

	2001 $	2000 $
Cash provided by (used in)		
Operating activities		
Cash receipts from the Government of the Province of Manitoba	10,848,000	10,367,800
Other cash receipts	3,900,210	3,427,323
Cash paid to employees and suppliers	(14,678,411)	(13,625,840)
	69,799	169,283
Investing activities		
Purchase of capital assets	(106,856)	(638,370)
Deficiency of cash receipts over cash disbursements	(37,057)	(469,087)
Cash - Beginning of year	1,125,657	1,594,744
Cash - End of year	1,088,600	1,125,657

1 Nature of the Foundation

The Foundation is incorporated under the Addictions Foundation of Manitoba Act. The Foundation is the provincial authority responsible for providing prevention, education and treatment programs related to addictions to individuals and communities; for conducting research into the negative effects of addictions; and in so doing, for promoting the health and well-being of Manitobans. The Foundation is a registered charity within the meaning of the Income Tax Act.

2 Significant accounting policies

a) Government of the Province of Manitoba accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles except as specified by the Government of the Province of Manitoba in the following area:

Pension Costs

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Foundation contributes 50% of the pension disbursements made to retired employees. Pension costs for the year are pension disbursements made to retired employees as incurred as well as the increase in unfunded pension liabilities during the fiscal year.

The pension liability is determined actuarially every three years with the balances for the intervening years being determined by formulas provided by the actuary. The most recent valuation was completed as at December 31, 1998.

Funding from the Province of Manitoba includes the Foundation's share of provisions recorded for unfunded pension liabilities.

b) Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at their fair value at the date of contribution. Amortization is provided at the following annual rates:

Buildings	5% declining
Computer equipment	30% declining
Furniture and equipment	20% declining
Leasehold improvements	5% declining

c) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Net assets internally restricted

Net assets internally restricted represent commitments for future expenditures on projects and capital expenditures approved in the current year. At the time the commitments are settled, expenditures are recorded in the balance sheet or statement of revenue and expenditures as appropriate and the restrictions are reversed.

3 Capital assets

	2001		2000	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Land	535,065	-	535,065	-
Buildings	3,867,430	2,102,626	3,867,430	2,009,414
Computer equipment	297,647	150,467	190,791	110,288
Furniture and equipment	121,671	55,430	121,671	38,870
Leasehold improvements	621,425	50,090	621,425	20,020
	5,443,238	2,358,613	5,336,382	2,178,592
Net book value		3,084,625		3,157,790

4 Province of Manitoba vacation pay receivable

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue vacation pay liability as at March 31, 1995 for the amount of $667,567. Any subsequent variances in the vacation pay liability are recorded in the statement of revenue and expenditures as the receivable from the Province will remain fixed.

5 Province of Manitoba severance pay receivable

The Foundation is obligated to pay its employees severance pay upon their retirement. The amount to be paid is based on several factors such as salary and years of service.

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue severance pay liability as at April 1, 1998 for the amount of $1,153,316. Any subsequent variances in the severance pay liability are recorded in the statement of revenue and expenditures as the receivable from the Province will remain fixed.

6 Province of Manitoba long-term pension funding commitments

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue a provision for pension costs as at April 1, 2000 for the amount of $8,825,248. During the year, the increase in the pension receivable and pension provision of $730,367 was recorded to The Government of the Province of Manitoba long-term pension funding and the offset as part of pension expense.

7 Deferred contributions

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. Changes in deferred contribution balance are as follows:

	2001 $	2000 $
Balance - beginning of year	35,485	-
Less: Amount recognized as revenue in the year	(35,485)	-
Add: Amount received related to the following year	-	35,485
Balance - end of year	-	35,485

8 Net assets internally restricted

	2001 $	2000 $
Balance - beginning of year	644,800	1,210,900
Operations		
Internal restrictions applied in current year	(644,800)	(1,210,900)
Internal restrictions for future years	664,000	644,800
	19,200	(566,100)
Balance - end of year	664,000	644,800

Restrictions have been made for the following:

	2001 $	2000 $
Gambling evaluation	70,000	-
Youth Residential Program - Stabilization Fund	100,000	200,000
Ontario Health Referrals potential cancellation	325,000	325,000
Information Technology Plan	100,000	71,300
Rural and Northern Youth Intervention	55,800	32,700
Pathways to a Healthier Workplace Conference	13,200	15,800
	664,000	644,800

9 Commitments

Leases

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2001 and 2013. Some of these leases contain renewal options at rates to be negotiated. The following is a schedule by years of future minimum rental repayments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2001:

	$
2001	172,106
2002	120,743
2003	94,330
2004	87,757
2005 - 2013	231,669
	706,605

MNP

To the Members of the Board
Assiniboine Community College

AUDITORS' REPORT

We have audited the statement of financial position as at June 30, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2000 and the results of its operations and the changes in net assets for the year then ended in accordance with generally accepted accounting principles.

September 10, 2000

Chartered Accountants

A MEMBER OF
SUMMIT INTERNATIONAL

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2000
(in thousand $)

ASSETS	2000	1999
CURRENT		
Cash and short term investments (note 3)	2,322	1,694
Accounts receivable (note 4)	503	600
Due from Province of Manitoba (note 5)	511	511
Inventories (note 6)	224	231
Prepaids	176	615
	3,735	3,651
NON-CURRENT		
Due from Province of Manitoba (note 5)	1,979	1,979
CAPITAL ASSETS (note 7)		
Land, buildings and equipment	3,510	2,907
Library holdings	959	959
	4,469	3,866
	10,184	9,496

LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (note 8)	2,117	2,160
Deferred revenue (note 9)	467	876
	2,584	3,036
NON-CURRENT		
Accrued severance liability	1,184	1,245
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 10)	2,085	1,842
NET ASSETS		
Net assets invested in capital assets	3,736	2,629
Net assets internally restricted (note 11)	1,525	600
Unrestricted net assets	(930)	144
	4,331	3,373
	10,184	9,496

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2000
(in thousand $)

	2000	1999
REVENUES		
Academic training fees	3,485	2,865
Grants	12,667	11,354
Market driven training	1,403	1,694
Continuing education	811	889
Ancillary services (bookstore)	941	744
Other revenue	386	260
Amortization of deferred contributions	607	606
	20,300	18,412
EXPENDITURES		
Academic	11,480	10,201
Administration	3,139	3,080
Program support	684	665
Plant	1,200	1,043
Management information services	858	802
Library	253	240
Ancillary services	811	583
Amortization of capital assets	917	970
	19,342	17,584
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENDITURES	958	828

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2000
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2000 TOTAL	1999 TOTAL
Balance - beginning of year (as previously reported)	2,629	600	144	3,373	3,634
Change in accounting policy	-	-	-	-	(1,089)
Balance - beginning of year (as restated)	2,629	600	144	3,373	2,545
Excess (deficiency) of revenue over expenditures	(310)	-	1,268	958	828
Change in internally restricted net assets	-	925	(925)	-	-
Investment in capital assets	1,417	-	(1,417)	-	-
Balance - end of year	3,736	1,525	(930)	4,331	3,373

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2000
(in thousand $)

	2000	1999
Cash from operating activities		
Excess of revenues over expenditures	958	828
Amortization of capital assets	917	970
Amortization of deferred capital contributions	(607)	(606)
Change in non-cash working capital items	30	745
Net cash generated through operating activities	1,298	1,937
Financing and investing activities		
Purchase of capital assets	(1,417)	(886)
Contributions received for capital purposes	747	598
Net cash used in financing and investing activities	(670)	(288)
Net increase in cash and short term investments	628	1,649
Cash and short term investments, beginning of year	1,694	45
Cash and short term investments, end of year	2,322	1,694

ASSINIBOINE COMMUNITY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000
(in thousand $)

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1. OPERATIONS

Assiniboine Community College operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statutes of Manitoba and is a registered charity under the *Income Tax Act*.

In accordance with the activities or objectives specified by donors and other sources outside the College, and in keeping with their mandate to operate the College, the Board of Governors may approve transfers between funds to achieve the financial objectives of the College. Effective June 1998, the Assiniboine Community College Foundation was created to administer the collection and disbursement of endowment funds and undertake fundraising events.

2. SIGNIFICANT ACCOUNTING POLICIES

GENERAL

These financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles for non-profit organizations and recommendations set forth by the Canadian Association of University Business Officers. Significant accounting policies are as follows:

INVESTMENTS

Investments are recorded at the lower of cost or market value.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided using the straight-line method at 20% per annum. No amortization is taken in the year of acquisition. Contributed capital assets are recorded at the fair value at the date of contribution.

A base library was established as at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. The College evaluates all leases at the inception of the lease agreement to determine if it should be classified as a capital or operating lease. Where a capital lease is identified, the amount of the payment made each year is capitalized and amortized using the straight-line method over the lesser of five years or the remaining lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

REVENUE RECOGNITION

The College uses the deferral method of accounting for contributions. Restricted contributions are deferred and matched with related expenses as incurred.

DEFERRED REVENUE

Revenue received in the current year, but not spent until the following fiscal year, is deferred and matched with the related expenditures.

DONATIONS

Donations are reported when received. Donations of capital assets are reported at fair market value.

FINANCIAL INSTRUMENTS

The College's financial instruments include accounts receivable and payable with short and long-term maturities. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest rate and credit risks arising from these instruments. Accounts receivable are not concentrated to any one or group of students or organizations. Likewise, trade payables are subject to normal credit terms and are not concentrated to any one or group of suppliers. Amounts relating to severance and vacation liabilities are not subject to interest, penalties or set terms of repayment.

ASSINIBOINE COMMUNITY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000
(in thousand $)

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3. CASH AND SHORT TERM INVESTMENTS

Cash and short-term investments are summarized as follows:

	2000	1999
Cash	351	220
Term deposits - Department of Finance	1,971	1,474
	2,322	1,694

4. ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	2000	1999
Accounts receivable - tuition and contract training	479	567
Goods and Services Tax rebate	28	32
Accountable advances and computer loans	1	13
	508	612
Less: allowance for doubtful accounts	(5)	(12)
	503	600

ASSINIBOINE COMMUNITY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000
(in thousand $)

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5. DUE FROM PROVINCE OF MANITOBA

The amounts due from the Province of Manitoba are summarized as follows:

	2000	1999
Current		
Property taxes	331	331
Accommodation cost recovery system	180	180
	511	511
Non-current		
Vacation pay	875	875
Severance pay	1,104	1,104
	1,979	1,979
	2,490	2,490

6. INVENTORIES

	2000	1999
Books and supplies	224	231

7. CAPITAL ASSETS

	2000	1999
The following is a continuity of capital assets:		
Net book value, beginning of year	2,907	2,944
Add: Purchases	1,417	886
Donated assets	103	47
Net additions for the year	1,520	933
Less: current year amortization	(917)	(970)
Net book value, end of year	3,510	2,907
Library holdings, at estimated value	959	959

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2000	1999
Payables are summarized as follows:		
Trade payables	995	789
Less: supplier overpayments and textbook returns	(160)	(97)
Net trade payables	835	692
Employee benefits and accrued wages	63	386
Accrued vacation pay	1,219	1,082
	2,117	2,160

9. DEFERRED REVENUE

	2000	1999
Deferred revenue is summarized as follows:		
Tuition and commitment fees	207	183
Contract training fees	220	443
Classroom rentals, parking and other deferrals	40	18
Grant - Management Information System	-	232
	467	876

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the College's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

	2000	1999
The following is a continuity of deferred contributions:		
Balance, beginning of year	1,842	1,803
Add: Capital contributions during the year:		
Government grant	598	598
New initiatives	149	
Contributed net assets	103	47
Net additions for the year	850	645
Less: current year amortization	(607)	(606)
Net book value, end of year	2,085	1,842

11. NET ASSETS INTERNALLY RESTRICTED

The following surplus appropriations were approved by the Board of Governors during the year:

	Total Allocation	2000	1999
General technology reserve	450	200	250
General operating reserve	400	200	200
General capital reserve	675	525	150
	1,525	925	600

12. COMMITMENTS

The College has entered into various leases for classroom space, office equipment and a maintenance agreement for the Colleague computer system. The following represents the future payments:

2000/2001	293
2001/2002	166

13. PENSION COSTS AND OBLIGATIONS

The College's employees are eligible for membership in the Civil Service Superannuation Plan operated by the Province of Manitoba. Although this is a defined benefit pension plan, any experienced gains or losses determined by actuarial valuations are the responsibility of the Province of Manitoba. Accordingly, no disclosure has been made in the financial statements relating the effects of participation in the pension plan by the College and its employees.

14. ECONOMIC DEPENDENCE

The College presently receives annual funding of approximately $12,661 ($11,978 in 1999) from the Province of Manitoba to finance operations and capital acquisitions. Without such funding, future viability of the College is not assured.

15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers or other third parties, have been fully resolved.

16. INCOME TAXES

The College is exempt from income taxes.

17. GRANTS

Grants received from the Council on Post-Secondary Education, Province of Manitoba, are reflected in the financial statements as follows (in actual $):

Approved 1999/00 operating and capital funding	12,661,805
Approved 1999/00 Manitoba Health funding	660,540
Add: Reversal of prior year deferral	242,762
Less: deferral of operating funding	(54,737)
Allocation of funds to Market Driven Training	(103,700)
deferred contributions relating to capital assets	(740,200)
	12,666,470
Represented by:	
Base funding	12,660,595
Market-driven training	5,875
	12,666,470

18. RELATED PARTY TRANSACTIONS

During the year the College provided a grant of $14,000 to Assiniboine Community College Foundation and Alumni Inc. and received gifts in kind totaling $102,500 (in actual $).

19. COMPARATIVE FIGURES

The prior year's figures have been restated to conform to the current year's presentation.

Schedule 1

ASSINIBOINE COMMUNITY COLLEGE
SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2000

(in thousand $)	Budget (unaudited)	2000	1999
Academic Training Fees			
Day program tuition fees	2,713	2,564	2,069
Apprenticeship training fees	923	921	796
	3,636	3,485	2,865
Grants			
Provincial (note 17)	12,742	12,661	11,197
Industry partnerships	5	6	157
	12,747	12,667	11,354
Market Driven / Contract Training (schedule 2)	1,500	1,403	1,694
Continuing Education (schedule 3)	825	811	889
Ancillary Services (schedule 4)	757	941	744
Sundry and Other Revenue			
Interest	45	164	88
Other	172	222	172
	217	386	260
Amortization of deferred capital contributions	607	607	606
Total Revenue	20,289	20,300	18,412

ASSINIBOINE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2000
(in thousand $)

Schedule 1
Continued

	Budget (unaudited)	2000	1999
Academic			
Salaries			
Instructional	7,084	6,979	5,925
Administrative	1,732	1,659	1,550
Program Support	163	128	225
Fringe Benefits	724	678	581
Operating	2,331	2,036	1,920
	12,034	11,480	10,201
Administration			
Salaries	1,714	1,598	1,523
Fringe Benefits	250	242	329
Operating	1,306	1,299	1,228
	3,270	3,139	3,080
Program Support			
Salaries	529	532	494
Fringe Benefits	43	43	39
Operating	145	109	132
	717	684	665
Plant			
Salaries	232	250	242
Fringe Benefits	19	32	21
Operating	913	918	780
	1,164	1,200	1,043
Management Information Services			
Salaries	524	559	510
Fringe Benefits	43	46	41
Operating	280	253	251
	847	858	802
Library			
Accrued severance liability	174	169	165
Fringe Benefits	14	14	13
Operating	72	70	62
	260	253	240
Ancillary Services (schedule 4)	617	811	583
Amortization of Capital Assets	946	917	970
Total Expenditures	19,855	19,342	17,584

ASSINIBOINE COMMUNITY COLLEGE Schedule 2

MARKET DRIVEN TRAINING
SCHEDULE OF REVENUE AND OPERATING EXPENDITURES
YEAR ENDED JUNE 30, 2000

(In thousand $)

	Budget (unaudited)	2000	1999
Revenue			
Indirect training contracts	230	133	48
Contract training	811	925	1,127
Grants	459	326	476
Other revenue	0	19	43
Total Revenue	1,500	1,403	1,694
Expenditures			
Direct Expenditures			
Instructional salaries	587	577	564
Fringe benefits	44	51	45
Operating	431	364	484
	1,062	992	1,093
Indirect Expenditures			
Administrative salaries	256	208	278
Fringe benefits	21	17	23
Other operating	10	4	8
	287	229	309
Total Expenditures	1,349	1,221	1,402
Net Profit	151	182	292

ASSINIBOINE COMMUNITY COLLEGE
CONTINUING EDUCATION
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2000
(in thousand $)

Schedule 3

	Budget (unaudited)	**2000**	**1999**
Revenue			
Evening school - on campus	627	401	266
Regional centres	46	410	623
Other revenue	152	0	0
Total Revenue	825	811	889
Expenditures			
Direct Expenditures			
Instructional salaries	399	333	335
Fringe benefits	26	25	24
Operating	149	168	224
	574	526	583
Indirect Expenditures			
Administrative salaries	215	193	195
Program support	123	110	111
Fringe benefits	34	25	25
Operating	79	104	119
	451	432	450
Total Expenditures	1,025	958	1,033
Net Loss	(200)	(147)	(144)

ASSINIBOINE COMMUNITY COLLEGE
ANCILLARY SERVICES
SCHEDULE OF REVENUE AND OPERATING EXPENDITURES
YEAR ENDED JUNE 30, 2000
(in thousand $)

Schedule 4

	Budget (unaudited)	2000	1999
Revenue	757	941	744
Expenditures			
Cost of goods sold	560	695	523
Salaries	41	56	43
Operating	16	60	17
	617	811	583
Net Profit	140	130	161

ASSINIBOINE COMMUNITY COLLEGE

Schedule 5

BOARD MEMBERS COMPENSATION
JUNE 30, 2000
(in actual $)

Bob Mazer	3,000
Tim Ryan	1,800
Lillian McKay	1,800
Bob Andrew	1,800
Sheila Dearsley	2,400
Joan Gray	1,800
Jack Ziprick	1,800
Norma Borotsik	1,800
K. Bridgeman-Magnowski	1,800
Ken Rowan	1,800
Lisa Huston	1,800
	1,800
	23,100

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors under The Embalmers and Funeral Directors Act

We have audited the statement of financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 2000 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
April 11, 2001

THE BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

254 PORTAGE AVENUE
WINNIPEG, MANITOBA R3C 0B6

Statement of Financial Position
December 31, 2000

ASSETS

	2000	1999
Current assets		
Cash	$ 25,500	$ 9,940
Short term investments	52,811	50,879
Accounts receivable	400	0
Accrued interest receivable	399	321
	$ 79,110	$ 61,140

LIABILITIES AND UNRESTRICTED NET ASSETS

	2000	1999
Current liabilities		
Accounts payable	$ 4,107	$ 1,991
Deferred revenue and accrued liabilities	5,700	8,600
Unrestricted net assets	69,303	50,549
	$79,110	$61,140

Approved by the Board

Caroline Kaus
Caroline Kaus
Chairperson

Tracy Wevursky
Tracy Wevursky
Secretary-Treasurer

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT
254 PORTAGE AVENUE
WINNIPEG, MANITOBA R3C 0B6

Statement of Operations and Changes in Unrestricted Net Assets
For the year ending December 31, 2000

	2000	1999
Revenue:		
Licences funeral homes	$ 6,800	$ 6,500
Licences funeral directors and embalmers	21,150	19,800
Contribution of services (note 3)	4,000	4,000
Interest income	2,012	1,807
Fees other	50	0
Fees for articled student	0	15,550
	$ 34,012	$ 47,657
Expenses:		
Administration and accounting (note 3)	$ 4,000	$ 4,000
Audit	1,850	2,072
Honoraria Board Members	3,052	2,616
Honoraria Principal	0	9,131
Honoraria Registrar	0	2,000
Miscellaneous	1,020	350
Board meetings	2,113	2,469
Grad and exam expenses	1,223	0
Communications	1,003	748
Office supplies and postage	997	1,580
Courses and seminars	0	9,843
	15,258	34,809
Excess of revenue over expenses	$ 18,754	$12,848
Unrestricted net assets Beginning of year	50,549	37,701
Unrestricted net assets End of year	$ 69,303	$50,549

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT
254 PORTAGE AVENUE
WINNIPEG, MANITOBA R3C 0B6

Statement of Cash Flows
For the year ended December 31, 2000

	2000	1999
Cash flows received from (used for) operating activities		
Tuition fees	$ -	$ 1,750
Licence fees	24,650	24,000
Interest on short term investments	1,935	1,788
Miscellaneous	50	-
Courses and seminars	-	(10,945)
Graduation and exam expenses	(1,223)	-
Audit fees	(1,850)	(3,700)
Honoraria:		
Principal	-	(10,272)
Registrar	-	(4,000)
Board members	(1,962)	(3,052)
Miscellaneous expense	(824)	(308)
Board meetings	(1,470)	(2,715)
Communications	(991)	(667)
Office supplies and postage	(822)	(1,724)
Net cash generated from (used for) operating activities	17,493	(9,845)
Cash flows received from (used for) investing activities		
Purchases of Guaranteed Investment Certificates	(52,811)	(50,879)
Maturities of Guaranteed Investment Certificates	50,879	49,096
Net cash used for investing activities	(1,932)	(1,783)
Net decrease in cash for the year	15,560	(11,628)
Cash, beginning of year	9,940	21,568
Cash, end of year	$ 25,500	$ 9,940

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT
254 PORTAGE AVENUE
WINNIPEG, MANITOBA R3C 0B6

Notes to Financial Statements
December 31, 2000

1. **Nature of the Operation**

   The Embalmers and Funeral Directors Act established The Board of Administration to licence and regulate embalmers and funeral directors and to prescribe the courses of training and instruction for articled students.

2. **Accounting Policy**

   These financial statements have been prepared in accordance with generally accepted accounting principles.

3. **Contribution of Services**

   The Government of the Province of Manitoba provided the services of administration and accounting staff at an estimated cost of $4,000 for 2000. (1999 - $4,000). This contribution of services is recorded in the financial statements as revenue and as expense.

4. **The Public Sector Compensation Disclosure Act**

   In accordance with Section 2 of The Public Sector Compensation Disclosure Act the following summarizes compensation paid during the year ended December 31, 2001:

   (i) The Board chairperson received no compensation from the Board of Administration, other than for meals included in statement (iii) below;

   (ii) No compensation was paid to officers, other than for mileage, meals, lodging and parking included in statement (iii) below;

   (iii) The aggregate amount paid to Board members was:

	2000	1999
(a) Meeting allowance	3,052	2,616
(b) Mileage, meals, lodging and parking	2,013	1,960

   (iv) No honorarium was paid to the registrar for the Year 2000. (1999 - $2,000)

   (v) The Board has no employees.

5. **Changes to Operations**

   As of September 1, 1999, The Board of Administration contracted with Windrum Educational Consultants Inc. to operate the course of instruction for students, including receiving fees from students and paying for instructors costs, classrooms and textbooks. Accordingly, the Board no longer collects fees from students for articled students' registrations, courses and examinations and does not pay the honorarium to the principal.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Governors of Brandon University

We have audited the statement of financial position of Brandon University as at March 31, 2001 and the statements of changes in net assets, operations and changes in cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2001, the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jon W. Singleton, CA•CISA
Provincial Auditor

Winnipeg, Manitoba
May 17, 2001

Brandon University

Statement of Financial Position
as at March 31, 2001

ASSETS

	2001	2000
Current Assets		
Cash and cash equivalents (note 3)	$ 9,036,949	$ 4,041,477
Accounts receivable	2,685,043	1,377,154
Inventory	349,933	320,242
Prepaid expenses	149,220	128,402
	12,221,145	5,867,275
Trust and Endowment Funds held by Brandon University Foundation (notes 2D and 4)	18,060,070	12,478,368
Loan receivable (note 8)	88,161	90,108
Investment in Subsidiary Company (notes 2E and 10)	290,924	326,960
Capital Assets and Collections (notes 2F and 6)	39,312,642	38,883,471
	$ 69,972,942	$ 57,646,182

Approved by the Brandon University
Board of Governors on June 21, 2001

T. E. Deller
Treasurer

Vice-President (Administration & Finance)

The accompanying notes are an intergral part of these financial statements.

LIABILITIES & NET ASSETS

	2001	2000
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,566,468	$ 3,178,060
Due to WESTARC Group Inc. (note 11)	290,194	309,794
Deferred income	200,354	171,850
Deferred contributions (note 7)	2,267,750	1,778,858
Current portion of long term debt (note 12)	72,017	67,757
	6,396,783	5,506,319
Long term Liability		
Mortgages payable (note 12)	1,965,035	2,037,051
Deferred building contribution (note 7)	5,000,000	
Unamortized Deferred Capital Contributions (note 7)	31,800,192	31,328,006
Expenses Funded from Future Revenues (note 16)	(1,517,251)	(1,491,667)
Trust and Endowment Funds (notes 2D and 4)	18,060,070	12,478,368
Net Assets		
Unrestricted net assets	2,544,490	2,210,801
Internally restricted net assets (note 5)	248,222	126,646
Investment in capital assets and collections	5,475,401	5,450,658
	8,268,113	7,788,105
	$ 69,972,942	$ 57,646,182

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Changes in Net Assets
for the year ended March 31, 2001

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2001	Total 2000
Balance, beginning of year	$ 2,210,801	$ 126,646	$ 5,450,658	$ 7,788,105	$ 6,257,199
Excess of revenues over expenses	353,774			353,774	1,499,464
Direct increases to net assets					
Donations of capital assets			100,650	100,650	14,993
Transfers					
Internally funded					
Capital asset additions	(760,061)		760,061		
Capital asset disposals (net)	7,165		(7,165)		
Amortization	896,560		(896,560)		
Repayment of long term debt	(67,757)		67,757		
Allocation to internally restricted net assets	(164,617)	164,617			
Internally restricted net asset purchases	43,041	(43,041)			
Net increase in expenses funded from future revenues	25,584			25,584	16,449
Balance, end of year	$ 2,544,490	$ 248,222	$ 5,475,401	$ 8,268,113	$ 7,788,105

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Operations
for the Year Ended March 31, 2001

	2001	2000
Revenues		
Tuition fees	$ 7,799,928	$ 7,368,726
Grants		
Council on Post-Secondary Education	19,738,720	19,776,312
Province of Manitoba	1,668,012	1,555,770
Government of Canada	904,752	436,362
City of Brandon	50,000	
Sales of goods and services	4,428,466	4,272,472
Brandon University Foundation	1,255,664	920,634
Amortization of deferred capital contributions	1,361,351	1,334,222
Gain on disposal of capital assets	1,352	
Sale of MBnet Networking Inc. (note 10)		918,517
Miscellaneous	1,019,691	606,810
	38,227,936	37,189,825
Expenses		
Salaries - academic	12,412,485	12,018,882
Salaries - support	9,339,039	8,377,341
Benefits	2,796,637	2,631,466
Travel	1,439,382	1,101,970
Supplies and other expenses	4,517,243	4,684,303
Property taxes	1,838,606	1,888,592
Utilities	1,025,238	780,985
Cost of goods sold	1,561,157	1,448,529
Scholarships and bursaries	476,014	356,793
Interest on long term debt	148,830	152,825
Amortization expense	2,257,911	2,162,302
Loss on disposal of capital assets		44,990
Loss of subsidiary	36,036	24,934
Increase in amount of accrued expenses	25,584	16,449
	37,874,162	35,690,361
Excess of revenues over expenses	$ 353,774	$ 1,499,464

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Cash Flow
for the Year Ended March 31, 2001

	2001	2000
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	$ 353,774	$ 1,499,464
Items not affecting cash flow		
Amortization of deferred capital contributions	(1,361,351)	(1,334,222)
Amortization of capital assets	2,257,911	2,162,302
Loss on disposal of capital assets	17,921	64,632
Loss of subsidiary	36,036	24,934
Change in expenses funded from future revenues	25,584	16,449
Decrease in non-cash operating working capital	(497,776)	1,253,678
	832,099	3,687,237
Cash Provided By (Used In) Investing Activities		
Decrease in loan receivable	1,947	1,459
Capital asset additions	(2,709,545)	(1,022,095)
Proceeds on disposal of capital assets	4,541	7,176
	(2,703,057)	(1,013,460)
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(67,757)	(63,763)
Capital contributions received	6,934,187	151,396
	6,866,430	87,633
Increase in cash and cash equivalents	4,995,472	2,761,410
Cash and cash equivalents, beginning of year	4,041,477	1,280,067
Cash and cash equivalents, end of year	$ 9,036,949	$ 4,041,477

The accompanying notes are an intergral part of these financial statements

Brandon University

Notes to the Financial Statements
for the year ended March 31, 2001

1. Authority and Purpose

Brandon University operates under the authority of the Brandon University Act of the Province of Manitoba. Brandon University offers undergraduate programs in arts, science, education, music, and health studies; and offers graduate programs in education, music and rural development. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

B. Revenue Recognition

Operating grants are recognized as revenue in the period received. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered or substantially rendered.

The University accounts for contributions using the deferral method. Deferred contributions are externally restricted non-capital contributions which are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted contributions for the acquisition of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received and, when expended, are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

C. Short Term Investments

Short term investments are recorded at cost and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University.

D. Trust and Endowment Fund

In order to consolidate fund raising activities and the administration of trust and endowment funds, Brandon University, Brandon University Foundation and Brandon University Alumni Association entered into an agreement in October 1989. The parties to the agreement recognize and agree that the University has exclusive and ultimate control over the consolidated assets and for the eventual disposition of all funds collected on its behalf in the future.

Funds transferred from the Brandon University Foundation to the University are recorded as revenue in the period they were received by the University.

The net change in the funds held by the Foundation, as a result of the Foundation's activities over the year, is added to Funds held by Brandon University Foundation and to the Trust and Endowment Fund.

E. Investment in Subsidiary Companies

The University accounts for its investment in the subsidiary companies in accordance with a modification of the equity method. Under this method, contributions to the subsidiary companies and earnings of the subsidiary companies are added to the investment in the subsidiaries. Dividends received from the subsidiary companies are deducted from the investment in the subsidiaries. The income or losses of the subsidiaries are included in the statement of operations.

F. Capital Assets and Collections

Capital assets purchased by the University are recorded at cost. Donated assets are recorded at the fair market value on the date received. Capital assets disposed of are removed from the accounts at their net book value.

Capital assets are amortized, on a straight line basis over the assets' estimated useful lives. Amortization rates are as follows:

Buildings	50 years
Furnishings and equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Library collections	10 years

The capital assets include collections of works of art, gemstones and rare books which have been donated to the University. These collections are not amortized.

G. Inventories

Inventories are valued at the lower of cost and net realizable value.

H. Pension Plans

The University contributes to the Brandon University Retirement Plan which is a trustee-administered pension plan for University employees. Contributions by the University are recorded as expenses.

The accounts of the Brandon University Retirement Plan do not form part of the University's financial statements. The Plan's financial statements are audited by the Provincial Auditor.

3. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	2001	2000
Cash	$ 724,561	$ 403,508
Short term investments	8,312,388	3,637,969
	$ 9,036,949	$ 4,041,477

4. Funds Held by Brandon University Foundation

The trust and endowment funds held by the Brandon University Foundation of $18,060,070 as at December 31, 2000 have been included with the assets of the University. The transactions from January 1, 2001 to March 31, 2001 which would have decreased the fund balance by approximately $40,057 have not been included in these financial statements.

The value of outstanding pledges to the Foundation as at March 31, 2001 is $ 499,015 (2000 - $ 587,984). These will be recorded as revenue by the University when transferred to the University from the Foundation.

5. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the University for the following specific purposes:

	Opening Balance	Current Provision	Purchases	2001 Closing Balance
Ancillary enterprises	$ 56,549	$ 76,567	$ (9,371)	$ 123,745
Athletics deficit	(20,116)	20,116		
Mail/Print services	2,770	15,000	(7,500)	10,270
Photocopiers	(8,626)	5,334		(3,292)
Telephone replacement	33,690	47,600	(3,407)	77,883
Vehicle replacement	62,379		(22,763)	39,616
	$ 126,646	$ 164,617	$ (43,041)	$ 248,222

6. Capital Assets and Collections

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Land	$ 500,530	$	$ 500,530	$ 502,280
Buildings	57,492,243	(25,027,241)	32,465,002	33,718,710
Furniture and equipment	11,301,925	(7,370,559)	3,931,366	2,258,522
Library collections	4,977,989	(3,527,720)	1,450,269	1,538,484
Collections	965,475		965,475	865,475
	$ 75,238,162	$(35,925,520)	$ 39,312,642	$ 38,883,471

Capital asset additions during the year included donations in kind in the amount of $ 100,650 , (2000- $ 14,993).

7. Deferred Contributions and Unamortized Deferred Capital Contributions

Deferred contributions represent contributions received for special purposes and unspent funds for restricted purposes. Unamortized deferred capital contributions represent the funded portion of capital assets which will be recognized as revenue in future periods and matched against the applicable amortization charged in that period. Changes in the deferred contributions and unamortized deferred capital contributions balances are as follows:

	2001 Deferred Contributions	2001 Unamortized Deferred Capital Contributions	2000 Deferred Contributions	2000 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 1,778,858	$ 31,328,006	$ 930,252	$ 32,525,825
Contributions received	12,662,450		4,990,567	
Transfers to revenue				
Tuition, grants and contributions	(5,324,724)		(3,985,915)	
Amortization of assets acquired from capital assets		(1,376,648)		(1,353,865)
Transferred to acquire capital assets	(1,848,834)	1,848,834	(156,046)	156,046
Balance, end of year	$ 7,267,750	$ 31,800,192	$ 1,778,858	$ 31,328,006
Balance consists of:				
Research	$ 1,965,663		$ 1,510,040	
Special programs	302,087		268,818	
	2,267,750		1,778,858	
Capital	5,000,000			
	$ 7,267,750		$ 1,778,858	

The deferred capital contribution was a one time grant received in March, 2001 from the Council on Post-Secondary Education for the expansion of the health studies facilites.

8. Loan Receivable

The University issued a loan of $96,240 to Bran-U-Day Care Inc. on April 1, 1995 to cover the remaining debt on the building. The terms are monthly installments of $694.92 due on the 1st day of each month with the entire amount due on the 1st day of April, 2005. The rate of interest is 8.125% for this 5 year period.

The loan receivable as at March 31, 2001, was $ 88,161 , (2000- $ 90,108).

9. Pension Plans

Actuarial valuations of the Brandon University Retirement Plan are carried out every three years and provide an estimate of the accrued pension benefits. The next actuarial valuation is required as at December 31, 2000 and will be completed in 2001. Based on the latest actuarial valuation of the plan conducted as at December 31, 1997, accrued pension benefits were $45,884,000. This valuation established a Plan surplus of $7,961,000 using the accrued benefit method as at that date. This method used actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's assets with its liabilities in respect of past service. An amendment to the Plan, effective January 1, 1999, which improves the retirement benefits for active and retired members who qualify, reduced this surplus to $2,731,000.

The market value of the assets under management was $ 78,867,024 at December 31, 2000 (1999 - $72,886,931).

Pension contributions by the University for the year ended March 31, 2001 were $ 948,556 (2000 - $ 900,051).

10. Investment in Subsidiary Companies

Brandon University Holding Company Limited was incorporated in 1985 as a wholly-owned subsidiary company of Brandon University. The Holding Company was established for the purpose of holding shares in subsidiary companies. WESTARC Group Inc., a wholly-owned subsidiary company of Brandon University Holding Company Limited, was incorporated in 1985. WESTARC Group Inc. was established to disseminate expertise from the University to the public and private sectors.

During the year ended March 31, 2001, a $5,000 dividend was declared by WESTARC and paid out to Brandon University Holding Company Limited which subsequently declared a dividend of $ 4,557 to Brandon University.

The following is a summary of the investment in Brandon University Holding Company Limited for the year ended March 31, 2001:

	2001	2000
Investment, beginning of year	$ 326,960	$ 351,894
Net loss from operations	(31,479)	(20,219)
Dividends paid by Brandon University Holding Company Limited	(4,557)	(4,715)
Investment, end of year	$ 290,924	$ 326,960

Brandon University

Notes to the Financial Statements
for the year ended March 31, 2001

MBnet Networking Inc., in which Brandon University had a one-third interest, was incorporated March 15, 1993 under the Manitoba Corporations Act as a corporation without share capital. The principal business activity of MBnet Networking Inc. is to provide a data communication network to support the education, research and technology transfer missions of its three member institutions, the University of Manitoba, the University of Winnipeg and Brandon University.

As at December 21,1999 Brandon University had not invested any funds directly into MBnet Networking Inc.

On December 21, 1999 the three member institutions sold their interests in MBnet Networking Inc. Brandon University's one-third share of the proceeds was $918,517.

11. Related Party Transactions

For the year ended March 31, 2001, Brandon University paid MBnet Networking Inc. $ 0 (2000- $21,078) for Internet access.

As at March 31, 2001, there was an amount of $ 290,194 (2000 - $ 309,794) due to WESTARC Group Inc. from Brandon University. This amount is non-interest bearing with no set repayment terms.

12. Long-Term Liability - Mortgages Payable

	2001	2000
Canada Mortgage and Housing Corporation 5 1/8% mortgage, $41,608 combined principal and interest payable semi-annually July 1 and January 1 to 2012.	$ 716,378	$ 761,150
Canada Mortgage and Housing Corporation 8 1/4% mortgage, $66,686 combined principal and interest payable semi-annually April 1 and October 1 to 2021.	1,320,674	1,343,658
	2,037,052	2,104,808
Current portion of long term debt	72,017	67,757
	$ 1,965,035	$ 2,037,051

Principal payments in the next five years are as follows:

2002	$ 72,017
2003	$ 76,560
2004	$ 81,406
2005	$ 86,578
2006	$ 92,097

13. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of the citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through fundraising campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. for a nominal consideration of $1 under a 99 year lease which expires 2064 A.D. The University is reimbursed for services supplied to the auditorium as required by the agreement.

14. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles- Douglas Student Union Centre Inc. for the nominal consideration of $1 per year under a 50 year lease which expires 2035 A.D. The University supplies certain services to the Centre as required by the lease.

15. Commitments

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $43,147 for the year ended March 31, 2001 (2000 - $36,406).

16. Expenses Funded From Future Revenues

The balance of Expenses Funded From Future Revenues consists of:

	2001	2000
Unfunded employee benefits - vacation accruals	$ 512,144	$ 514,519
Unfunded employee future benefits	539,000	505,000
Unfunded property taxes	466,107	472,148
	$ 1,517,251	$ 1,491,667

17. Employee Future Benefits

New accounting standards require the use of accrual accounting for costs related to employee future benefits. These non-pension benefits include severance and retiring allowance benefits payable upon retirement. The costs of these future benefits have been determined by an actuary and the costs will be recognized over the service life of the employees or the period to full eligibility of the employee group depending on the type of cost.

The actuarial valuation provides the present value of benefit obligations as well as the current cost and the interest cost on the benefit obligation. This accrued benefit obligation has not been funded.

	2001
Accrued benefit obligation, beginning of year	$ 505,000
Current costs	28,000
Benefit payments	(28,000)
Interest at 6.75%	34,000
Accrued benefit obligation, end of year	$ 539,000

18. Early Retirement Incentive Plan

Brandon University entered into an agreement with the Brandon University Faculty Association (BUFA) to offer an Early Retirement Incentive Plan to BUFA members. The objective of the plan was to provide encouragement and opportunity for BUFA members to retire from the University before they would otherwise do so, and before age 65, and to allow the University to produce savings and increased operating flexibility.

The Plan was available to members of BUFA with probationary, tenured, and continuing appointments who were between the age of 55 and 65 and who had 5 or more years of service with the University. Application for entry into the Plan had to be made by December 31, 1996 and entry into the Plan could be made June 30, or December 31, 1996, June 30 or December 31, 1997 or June 30, 1998. The retiring (incentive) allowance could be paid on the date of entry into the Plan or for a period of up to 3 years after that date.

The retiring allowance payments from the Plan were financed through savings realized by hiring new faculty at reduced salaries and by not filling certain vacated positions. A special purpose account was established for the purpose of designating funds for payment of allowances as they come due.

19. Financial Instruments

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

20. Restatement of Accounts

Comparative figures for the year ended March 31, 2000 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 2001.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Centre Culturel Franco-Manitobain

We have audited the statement of financial position of The Centre Culturel Franco-Manitobain as at March 31, 2001 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 29, 2001

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Financial Position

March 31	2001	2000
Assets		
Current Assets		
Cash and bank	$ 91,661	$ 12,907
Grants receivable	55,829	60,960
Accounts receivable	55,682	53,340
Inventory	32,050	29,396
Prepaid expenses	16,421	10,551
	251,643	167,154
Non-Current Assets		
Accounts receivable – Province of Manitoba (Note 8)	31,300	31,300
Accounts receivable – Province of Manitoba (Note 9)	25,891	25,891
Capital assets (Note 3)	115,874	147,343
	173,065	204,534
	$ 424,708	$ 371,688
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 138,528	$ 79,503
Deferred contributions (Note 4)	21,567	25,488
Rental and damage deposits	14,323	23,550
Capital lease obligation – current portion (Note 10)	13,512	13,512
	187,930	142,053
Non-Current Liabilities		
Severance pay benefits (Note 8)	28,978	25,529
Deferred contributions related to capital assets (Note 5)	75,335	93,292
Capital lease obligation (Note 10)	27,027	40,539
	131,340	159,360
	319,270	301,413
Fund Balances		
Unrestricted Funds		
Operations	34,682	46,489
Cultural Programs	70,756	23,786
	105,438	70,275
	$ 424,708	$ 371,688

Approved on behalf of the Board:

Kelley Fry Director

Gilbert Savard Director

The accompanying notes are an integral part of these financial statements.

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2001

	Operations	Cultural Programs	Capital	Fund Raising	Total 2001	Total 2000
Revenue						
Grants						
Government of Manitoba	$ 300,100	$ 30,450	$ 126,809	$ 4,500	$ 461,859	$ 380,645
Government of Canada	-	171,667	-	-	171,667	185,877
Miscellaneous	-	11,500	-	-	11,500	38,873
Bingos	-	-	-	16,500	16,500	12,000
Café Jardin	373,124	-	-	-	373,124	294,611
Admission fees	-	18,069	-	-	18,069	33,692
Hall and office rental (Note 11)	140,073	-	-	-	140,073	151,990
Administration fees	-	7,316	-	-	7,316	13,527
Technical services	36,414	-	-	-	36,414	29,948
Sale of office supplies	8,722	-	-	-	8,722	6,822
Commissions	14,414	840	-	-	15,254	22,560
Interest	8,036	-	-	-	8,036	4,780
Advertising	-	1,428	-	-	1,428	2,102
Corporate sponsorships and donations	200	2,284	-	2,050	4,534	15,112
Miscellaneous (Note 13)	57,160	1,385	-	2,600	61,145	56,925
	938,243	244,939	126,809	25,650	1,335,641	1,249,464
Expenditures						
Operations (Note 6)	663,738	220,254	-	-	883,992	942,968
Café Jardin	286,312	-	-	-	286,312	253,160
Repairs (Note 7)	-	-	90,088	-	90,088	13,272
Amortization of capital assets	-	-	34,757	-	34,757	17,693
Interest on capital lease	-	-	1,964	-	1,964	-
Fundraising						
Bingos	-	-	-	1,696	1,696	120
Parasols	-	-	-	1,669	1,669	511
	950,050	220,254	126,809	3,365	1,300,478	1,227,724
Excess (deficiency) of revenue over expenditures	(11,807)	24,685	-	22,285	35,163	21,740
Fund balances, beginning of year, as previously reported	24,482	19,902	-	-	44,384	22,644
Prior period adjustment for vacation pay receivable (Note 9)	22,007	3,884	-	-	25,891	25,891
Fund balances, beginning of year, as restated	46,489	23,786	-	-	70,275	48,535
Interfund transfers	-	22,285	-	(22,285)	-	-
Fund balances, end of year	$ 34,682	$ 70,756	$ -	$ -	$ 105,438	$ 70,275

The accompanying notes are an integral part of these financial statements.

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Cash Flows

For the year ended March 31	2001	2000
Cash Flows Provided by (Used for) Operating Activities		
Excess of revenue over expenditures	$ 35,163	$ 21,740
Amortization of capital assets	34,757	17,693
Amortization of deferred contributions related to capital assets	(21,245)	(17,693)
Increase (decrease) in liability for severance pay benefits	3,449	(471)
Net change in non-cash working capital items		
Grants receivable	5,131	(6,036)
Accounts receivable	(2,342)	30,109
Inventory	(2,654)	1,583
Prepaid expenses	(5,870)	1,470
Accounts payable and accrued liabilities	59,025	(36,144)
Deferred contributions	(3,921)	2,068
Rental and damage deposits	(9,227)	4,088
Net cash inflows – Operating activities	92,266	18,407
Cash Flows Provided by (Used for) Financing and Investing Activities		
Purchase of capital assets	(3,288)	(31,142)
Contributions related to capital assets	3,288	36,142
Capital lease obligation	(13,512)	(25,000)
Net cash outflows - Financing and investing activities	(13,512)	(20,000)
Increase (decrease) in cash for the year	78,754	(1,593)
Cash and bank, beginning of year	12,907	14,500
Cash and bank, end of year	$ 91,661	$ 12,907

The accompanying notes are an integral part of these financial statements.

F2

1. General Information

The Centre Culturel Franco-Manitobain was incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The Corporation's objects are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities in the French language and to make French-Canadian culture known to all residents of the province.

2. Accounting Policies

a) Capital Assets

Acquired capital assets are stated at their acquisition cost less accumulated amortization and are amortized using the diminishing balance method at the following rates:

Technical equipment	20%
Computer equipment	30%
Kitchen equipment	20%
Cash registers	20%
Furniture and fixtures	20%
Security system	20%

Computer equipment acquired in 2000 at a cost of $79,052 is amortized on a straight line basis over four years.

b) Use of Building

The use of the building is accounted for as described in Note 11.

c) Recognition of Revenue

Grants received for specific projects are recognized as revenue in the year in which the related expenditures are incurred. The remaining balance of the grants is accounted for as deferred contributions in the statement of financial position. Unrestricted contributions are recognized as revenue when received or receivable.

d) Fund Balances

The financial resources of the Corporation are allocated to four funds corresponding to the Corporation's activities and objectives as follows:

Unrestricted Funds

Operations – Includes transactions related to the maintenance of facilities, the general operations of the Corporation and the Café Jardin.

Cultural Programs – Includes transactions related to the delivery of cultural programs as outlined in the objectives of the Corporation. Annually, the Corporation determines the value of the space used for cultural programs based on the rate normally charged to other tenants and charges this amount to the Cultural Programs Fund (see Note 6) ($13,360 in 2000).

2. Accounting Policies (continued)

Restricted Funds
Capital – Involves external restrictions and is used for recording major repairs related to the building's operations as well as the amortization of capital assets.

Fundraising – Includes transactions related to fundraising activities. The fund balance must be used to subsidize cultural activities and is included in the interfund transfers.

e) **Inventory**
Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

3. Capital Assets

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technical equipment	$ 111,190	$ 81,871	$ 111,190	$ 74,541
Computer equipment	113,439	49,421	110,151	27,630
Kitchen equipment	18,771	9,968	18,771	7,767
Cash registers	5,200	4,006	5,200	3,707
Furniture and fixtures	3,000	1,710	3,000	1,387
Security system	17,580	6,330	17,580	3,517
	$ 269,180	$ 153,306	$ 265,892	$ 118,549
Net book value		$ 115,874		$ 147,343

4. Deferred Contributions

Deferred contributions represent unspent resources received during the year related to matching expenditures of subsequent periods.

	2001	2000
Balance, beginning of year	$ 25,488	$ 23,420
Grants received during the year	93,284	25,187
Less amounts recognized as revenue during the year		
Operations	(7,117)	(9,847)
Repairs	(90,088)	(13,272)
Balance, end of year	$ 21,567	$ 25,488

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of grants received with which capital assets have been purchased. Changes in deferred contributions related to capital assets are [illegible] follows:

	2001	2000
Balance, beginning of year	$ 93,292	$ 74,843
Grants received during the year	3,288	36,142
Amount amortized to revenue	(21,245)	(17,693)
Balance, end of year	$ 75,335	$ 93,292

6. Operations Fund and Cultural Programs Fund Expenditures

			2001	2000
	Operations	Cultural Programs	Total	Total
Salaries and benefits (Note 13)	$ 414,384	$ 78,419	$ 492,803	$ 501,500
Employment contracts	38,031	86,105	124,136	152,472
Pension	10,327	1,008	11,335	8,880
Utilities (Note 13)	103,992	-	103,992	95,017
Equipment rentals and maintenance	30,218	548	30,766	33,304
Office expenses	15,782	6,635	22,417	23,395
Internal rental	(12,787)	12,787	-	-
Equipment purchase	235	-	235	682
Supplies	25,867	1,700	27,567	36,109
Meetings and travel	5,277	4,319	9,596	13,568
Advertising and promotion	8,675	25,737	34,412	32,537
Professional fees	9,091	-	9,091	5,375
Insurance and permits	9,247	1,844	11,091	12,396
Training	-	353	353	825
Bad debts	471	-	471	90
Bank charges and interest	4,620	-	4,620	4,961
Signage	-	-	-	8,905
Miscellaneous	308	799	1,107	12,952
	$ 663,738	$ 220,254	$ 883,992	$ 942,968

7. Repairs

	2001	2000
Tables and chairs	$ 193	$ 5,237
Technical equipment	8,070	2,427
Miscellaneous	8,458	1,878
Roof repairs	71,000	1,800
Landscaping	712	771
Ventilation system	-	742
Computer	-	417
Security system	1,655	-
	$ 90,088	$ 13,272

8. Severance Pay Benefits

Effective, April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $31,300 from the Province of Manitoba, which is an amount that is equal to the estimated liability for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and accordingly, the amount of this receivable will remain fixed at $31,300.

9. Vacation Pay Receivable

In years prior to 2001, the Corporation recorded the estimated liability and the related expenditure for accumulated vacation pay benefits to its employees. In 2001, the Corporation was advised by the Province of Manitoba that the Province has accepted responsibility for the vacation pay liability accumulated to March 31, 1995 which amounts to $25,891. Accordingly, the Corporation has recorded, in 2001, a receivable of $25,891 from the Province of Manitoba with retroactive restatement of prior periods. This has resulted in an increase of $25,891 in the balance of unrestricted funds. This receivable from the Province of Manitoba has no terms of repayment.

10. Capital Lease Obligation

The following is a schedule of minimum lease payments under a capital lease for computer equipment. The lease expires in March, 2004.

2002	$ 15,477
2003	15,477
2004	15,477
Total minimum lease payments	46,431
Less amount representing interest	5,892
Present value of capital lease payments	40,539
Less current portion included in current liabilities	13,512
Obligation under capital lease	$ 27,027

11. Use of Building

The building used by the Corporation is owned by the Province of Manitoba and is made available to the Corporation rent-free. The Corporation is responsible for all operating and maintenance costs except for third party liability insurance, which is provided by the Province.

The Corporation charges rent to all tenants, groups and organization that make use of the building. This rental revenue is retained by the Corporation and recorded as revenue in the Operations Fund, thereby reducing the Corporation's reliance on funding from the Province.

12. Financial Instruments

The financial instruments consist of cash, grants receivable, accounts receivable, accounts payable and accrued liabilities. It is the management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

13. Centre du Patrimoine

The capital costs of this archival centre were funded equally by the Governments of Canada and Manitoba. Ownership of the centre is that of the Province of Manitoba. The centre is operated by La Société Historique de Saint-Boniface (SHSB).

The Centre Culturel Franco-Manitobain (CCFM) pays utility and maintenance costs related to the archival centre. Those utility and maintenance costs are recorded in utilities and salaries and benefits expenditures (Note 6). CCFM recovers the utility and maintenance costs from the SHSB. Those recoveries are recorded in miscellaneous revenue and amount to $49,643 in 2001 ($47,971 in 2000).

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Child and Family Services of Central Manitoba as at March 31, 2001 and the statements of operations and changes in fund balances and statement of cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2001 and the results of its operations and the changes in cash flows for the year then ended in accordance with generally accepted accounting principles.

Chapman + Verwey

Chartered Accountants

Portage la Prairie, Manitoba

May 18, 2001

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Statement of Financial Position

March 31, 2001, with comparative figures for 2000

	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Capital Fund	Total 2001	Total 2000
Assets						
Current assets:						
Cash and short-term investments	$ 100,860	$ –	$ –	$ –	$ 100,860	$ 177,317
Accounts receivable	26,895	1,693	–	–	28,588	11,316
Receivable from Child and Family Services of Central Manitoba Foundation Inc.	10,685	–	–	5,018	15,703	13,097
Receivable from Department of Family Services and Housing (note 3)	159,995	59,211	–	–	219,206	151,216
Prepaid expenses	30,082	293	–	–	30,375	36,156
Inter-fund balances	(704,973)	660,969	37,547	6,457	–	–
	(376,456)	722,166	37,547	11,475	394,732	389,102
Investments	139,900	–	–	–	139,900	21,600
Capital assets (note 4)	–	–	–	551,309	551,309	566,581
Deferred severance / retirement entitlement	93,323	–	–	–	93,323	–
	$ (143,233)	$ 722,166	$ 37,547	$ 562,784	$ 1,179,264	$ 977,283

Liabilities and Fund Balances

	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Capital Fund	Total 2001	Total 2000
Current liabilities:						
Bank indebtedness (note 5)	$ –	$ –	$ –	$ –	$ –	$ 57,489
Accounts payable and accrued liabilities	75,897	26,065	–	–	101,962	92,214
Accrued vacation pay entitlement	131,705	–	–	–	131,705	121,090
Payable to Central Region Healthy Child Coalition	24,657	–	–	–	24,657	–
Current portion of long-term debt	–	–	–	23,900	23,900	21,900
	232,259	26,065	–	23,900	282,224	292,693
Long-term debt (note 5)	–	–	–	3,974	3,974	27,945
Accrued severance / retirement entitlement	132,233	–	–	–	132,233	–
Deferred contributions (note 6 & 7)	–	–	37,547	369,343	406,890	440,155
Fund balances:						
Invested in net capital assets	–	–	–	165,567	165,567	171,745
Externally restricted	–	696,101	–	–	696,101	516,334
Unrestricted	(507,725)	–	–	–	(507,725)	(471,589)
	(507,725)	696,101	–	165,567	353,943	216,490
Lease commitments (note 9)						
	$ (143,233)	$ 722,166	$ 37,547	$ 562,784	$ 1,179,264	$ 977,283

See accompanying notes to financial statements.

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Statement of Operations and Changes in Fund Balances

March 31, 2001, with comparative figures for 2000

	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Capital Fund	Total 2001	Total 2000
Revenues:						
Provincial Government funding	$ 2,161,713	$ 1,603,002	$ –	$ 3,316	$ 3,768,031	$ 3,303,285
Interest income	21,281	–	–	–	21,281	14,425
Contributions from parents	–	2,159	–	–	2,159	5,343
Contribution from Child and Family Services of Central Manitoba Foundation Inc.	2,605	–	–	–	2,605	2,797
Amortization of deferred contributions (notes 6 & 7)	38,387	–	78,455	12,135	128,977	159,739
Other	707	380	–	–	1,087	8,263
	2,224,693	1,605,541	78,455	15,451	3,924,140	3,493,852
Expenditures:						
Salaries and benefits	1,846,136	48,173	68,699	–	1,963,008	1,870,665
Travel and other field service costs	114,835	50,459	9,756	–	175,050	183,930
Office maintenance	56,326	–	–	–	56,326	37,961
Office operations	127,772	–	–	–	127,772	132,341
Service support	88,990	–	–	–	88,990	86,170
Other support	26,770	–	–	–	26,770	15,683
Ward care expenditures	–	1,327,142	–	–	1,327,142	1,088,137
Amortization of capital assets	–	–	–	18,313	18,313	19,512
Mortgage interest	–	–	–	3,316	3,316	5,003
	2,260,829	1,425,774	78,455	21,629	3,786,687	3,439,402
Excess (deficiency) of revenues over expenditures	(36,136)	179,767	–	(6,178)	137,453	54,450
Fund balances (deficit), beginning of year	(471,589)	516,334	–	171,745	216,490	162,040
Fund balance (deficit), end of year	$ (507,725)	$ 696,101	$ –	$ 165,567	$ 353,943	$ 216,490

See accompanying notes to financial statements.

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA
Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	$ 137,453	$ 54,450
Items not involving cash:		
Amortization of capital assets	18,313	19,512
Amortization of deferred contributions	(12,135)	(13,270)
Loss on disposal of capital assets	–	100
Amortization of severance / retirement entitlement	7,552	–
	151,183	60,792
Change in non-cash operating working capital:		
Accounts receivable	(17,272)	11,417
Receivable from Child and Family Services of Central Manitoba Foundation Inc.	(2,606)	(1,083)
Receivable from Department of Family Services and Housing	(67,990)	213,447
Prepaid expenses	5,781	(2,898)
Accounts payable and accrued liabilities	9,748	8,085
Accrued vacation pay entitlement	10,615	(2,523)
Childcare advance	–	(57,600)
Deferred severance / retirement entitlement	(100,875)	–
Accrued severance / retirement benefit	132,233	–
	120,817	229,637
Financing and investing activities:		
Additions to capital assets	(3,041)	(6,674)
Proceeds from disposal of capital assets	–	250
Mortgage principal repayments	(21,971)	(20,519)
Additions to investments	(118,300)	–
Proceeds from disposal of investments	–	106,800
Deferred contributions	(21,130)	18,350
Payable to Central Region Healthy Child Coalition (CRHCC)	24,657	–
	(139,785)	98,207
(Decrease) increase in cash position	(18,968)	327,844
Cash, beginning of year	119,828	(208,016)
Cash, end of year	$ 100,860	$ 119,828
Cash is comprised of:		
Cash and short-term investments	$ 100,860	$ 177,167
Cheques issued in excess of funds on deposit	–	(57,339)
	$ 100,850	$ 119,828

See accompanying notes to financial statements.

1. General:

The Agency is incorporated under the laws of Manitoba as The Children's Aid Society of Central Manitoba and operates under the name of Child and Family Services of Central Manitoba, providing child and family services to those in need in the central region of Manitoba. The Agency is a registered charitable Agency under the Income Tax Act.

2. Significant accounting policies:

The Agency follows the deferral method of accounting for contributions.

(a) Management estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(b) Fund accounting:

Revenues and expenditures related to program delivery and administrative activities are reported in the Central / Program Support Fund.

Revenues and expenditures directly related to children in care and children not in care are reported in the Ward Care Fund.

Any revenues in excess of expenditures in the Ward Care Fund are restricted for ward care purposes unless prior approval is received from the Province of Manitoba.

Revenues and expenditures related to the Family Support Innovations Program are reported in the Family Support Innovations Fund.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Agency's capital assets.

(c) Revenue recognition:

Restricted contributions are deferred and recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Central / Program Support Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, which for buildings is 50 years and for equipment is 5 years. Amortization expense is reported in the Capital Fund.

(e) Investments:

Investments are recorded at the lower of cost and market value.

Investment income earned is unrestricted and is recorded in the Central / Program Support Fund.

(f) Contributed services:

Volunteers contribute numerous hours annually to assist the Agency in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Vacation entitlement:

Vacation entitlement is recorded in the period that the service to which it relates is provided. Accrued vacation entitlement is recorded to the extent that a vacation entitlement liability exists at the period end.

Funding for the vacation entitlement is accrued in the period that the vacation entitlement is accrued. To the extent that this vacation entitlement funding has not been received by the period end, it is recorded as a receivable from the Department of Family Services.

(h) Defined Contribution Pension Plan:

The Organization's pension plan is administered by the United Way. All expenses consist of the contributions required under the plan.

(i) Severance / Retirement Entitlement:

Severance / Retirement entitlement is recorded in the period the service to which it relates is provided. Accrued severance / retirement is recorded to the extent that a severance / retirement liability exists at the period end. The liability is discounted from the date at which the employee would become entitled to an amount to the period end using a discount rate of 7%.

The net present value of the liability as at April 1, 200, being the date at which the Agency became liable for the severance / retirement entitlement has been recorded as a deferred severance / retirement entitlement and is being amortized to expense on the straight-line basis over 13 years, being the average number of years until the employee group becomes entitled to an amount.

3. Receivable from Department of Family Services and Housing:

	2001	2000
Central / Program Support Fund:		
Accrued vacation pay entitlement	$ 131,705	$ 121,090
Staff secondment	28,290	–
	159,995	121,090
Ward Care Fund:		
Provincial Child Tax Benefit Overpayment	14,290	14,290
Recovery of exceptional costs	44,921	15,836
	59,211	30,126
	$ 219,206	$ 151,216

4. Capital assets:

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Land	$ 8,172	$ –	$ 8,172	$ 8,172
Building	781,948	248,384	533,564	549,243
Furniture and equipment	42,546	35,952	6,594	5,837
Leasehold improvements	3,504	525	2,979	3,329
	$ 836,170	$ 284,861	$ 551,309	$ 566,581

5. Long-term debt:

	2001	2000
7.9% Child and Family Services of Central Manitoba Foundation Inc. mortgage, payable $2,107 monthly, including principal and interest, maturing April 2002, secured by land and building and assignment of fire insurance	$ 27,874	$ 49,845
Principal included in current liabilities	23,900	21,900
	$ 3,974	$ 27,945

Principal due within each of the next two years is approximately as follows:

2002	$ 23,900
2003	3,974

5. Long-term debt (continued):

Child and Family Services of Central Manitoba and Child and Family Services of Central Manitoba Foundation Inc. are related by virtue of a common Board of Directors.

6. Deferred contributions:

Deferred contributions reported in the Family Support Innovation Fund and in the Adoptions Program Fund relate to restricted contributions, which have not yet been disbursed for their intended purpose. During the year, the Agency transferred all funding for the Adoption Program Fund to the Central Program Support Fund. Any deferred contributions relating to the Adoption Fund were brought into income in the current year.

Changes in the deferred contributions balances reported are as follows:

	Family Support Innovations Fund	Adoptions Program Fund	2001	2000
Balance, beginning of year	$ 45,302	$ 38,387	$ 83,689	$ 85,857
Add restricted contributions received in the year	70,700	–	70,700	144,300
Less amount recognized as revenue in the year	78,455	38,387	116,842	146,468
Balance, end of year	$ 37,547	$ –	$ 37,547	$ 83,689

7. Deferred contributions related to capital assets:

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions relating to the Agency's furniture and equipment and building.

Changes in the deferred contributions balance reported in the Capital Fund are as follows:

	2001	2000
Balance, beginning of year	$ 356,466	$ 349,218
Add restricted contributions received in the year and not yet disbursed	25,012	20,463
Less amount recognized as revenue in the year	12,135	13,215
	$ 369,343	$ 356,466

8. Lease commitments:

The Agency leases vehicles under long-term operating leases, which expire May 2004. The minimum lease payments due on these operating leases in the next four years is approximately as follows:

2002	$ 42,600
2003	34,800
2004	34,300
2005	3,100

The Agency leases office premises and certain equipment under an operating lease, which expires between January 2002 and June 2006. The following is a schedule of future minimum lease payments due in each of the next five years under this lease:

2002	$ 36,400
2003	30,500
2004	27,100
2005	21,600
2006	18,000

9. Financial instruments:

Fair value:

Due to the short-term nature of all financial instruments other than long-term debt and investments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate and, if so, any difference would be accounted for in the period in which it becomes known. For long-term debt and investments, it is not practical within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

Chapman
& Verwey
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AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Directors
Child and Family Services of Central Manitoba

We have audited and reported separately herein on the financial statements of Child and Family Services of Central Manitoba as at and for the year ended March 31, 2001.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The supplementary information included in schedules 1 through 4 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chapman + Verwey

Chartered Accountants

Portage la Prairie, Manitoba

May 18, 2001

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Central/Program Support Fund

Year ended March 31, 2001, with comparative figures for 2000

	2001		2000
	Budget	Actual	Actual
Revenue:			
Provincial Government funding	$ 2,186,900	$ 2,161,713	$ 1,799,513
Amortization of deferred contributions	–	38,387	–
Interest	5,000	21,281	14,425
Contribution from Child and Family Services of Central Manitoba Foundation Inc.	–	2,605	2,797
Funding from other sources	5,000	707	4,635
	2,196,900	2,224,693	1,821,370
Expenditures:			
Salaries and staff benefits:			
Salaries	1,579,927	1,662,668	1,559,732
Canada pension plan	40,819	49,203	40,354
Company pension plan	59,298	55,560	51,808
Dental and health plans	62,123	53,250	49,978
Payroll tax	27,011	28,825	15,866
Group insurance	4,606	3,735	3,650
Employment insurance	49,832	46,404	43,368
Vacation entitlement	–	10,615	(2,523)
Workers compensation	7,823	6,939	7,215
Severance / retirement entitlement	–	38,910	–
	1,831,439	1,956,109	1,769,448
Vacation entitlement funding	–	(10,615)	2,523
Salary secondment funding	–	(99,358)	(81,913)
	1,831,439	1,846,136	1,690,058
Field service costs:			
Car operations	42,500	39,597	42,584
Traveling	10,000	10,307	8,103
Vehicle leasing	34,000	37,724	33,252
Fleet costs	27,000	27,207	23,110
	113,500	114,835	107,049
Office maintenance:			
Repairs and upkeep	6,200	5,044	3,984
Utilities	10,170	11,287	10,037
Janitor supplies and services	23,500	18,907	3,137
Taxes	21,000	21,088	20,803
	60,870	56,326	37,961
Carried forward	2,005,809	2,017,297	1,835,068

Schedule 1–1

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Central/Program Support Fund

Year ended March 31, 2001, with comparative figures for 2000

	2001		2000
	Budget	Actual	Actual
Brought forward	2,005,809	2,017,297	1,835,068
Expenditures (continued):			
Office operations:			
Audit and accounting	12,000	10,350	10,895
Data processing	11,500	11,309	11,285
Equipment leasing	10,000	10,881	6,952
Field offices	50,827	36,318	53,932
Interest and bank charges	1,700	2,311	1,704
Miscellaneous	3,248	1,477	1,277
Postage	4,500	6,721	4,320
Repairs and maintenance	500	726	102
Supplies	11,500	9,055	10,827
Telephone and fax	32,000	38,624	30,947
	137,775	127,772	132,241
Service support:			
Advertising and public relations	2,600	1,560	344
Legal	39,326	52,376	39,397
Professional consultation	10,611	29,506	43,205
Training	6,000	5,548	3,224
	58,537	88,990	86,170
Other support:			
Annual and other public meetings	1,500	1,946	1,425
Board training	2,000	4,406	1,414
Board travel	3,700	2,338	3,068
Foster parent education and program support	11,500	3,684	–
Insurance – bonding, fire and liability	10,000	14,396	9,776
	28,700	26,770	15,683
	2,230,821	2,260,829	2,069,162
Excess expenditures over revenue	$ (33,921)	$ (36,136)	$ (247,792)

Schedule 2

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Ward Care Fund

Year ended March 31, 2001, with comparative figures for 2000

	2001		2000
	Budget	Actual	Actual
Revenue:			
Province of Manitoba:			
Maintenance	$ 1,368,100	$ 1,009,202	$ 903,469
Special needs	–	496,300	497,800
Family support and homemaker service	97,500	97,500	97,500
	1,465,600	1,603,002	1,498,769
Parents	4,000	2,159	5,343
Other	3,500	380	3,628
	1,473,100	1,605,541	1,507,740
Expenditures:			
Activities	16,000	12,931	15,806
Day-care	5,500	18,561	5,113
Education and school supplies	15,000	15,009	14,502
Family support and homemaker service	103,836	99,076	96,596
Foster parent training	–	–	2,190
Gifts	7,500	7,246	7,492
Maintenance:			
Emergency homes	21,500	16,770	20,230
Foster homes:			
Regular rate	616,000	589,250	550,638
Special rate	483,000	522,039	378,202
Adoption	21,634	22,872	2,346
Medical	3,000	4,304	2,735
Personal allowance	38,000	34,703	36,614
Summer camp	10,100	10,450	10,084
Therapy	32,000	22,104	–
Transitional funds	750	–	510
Travel and other	54,550	50,459	56,098
	1,428,370	1,425,774	1,199,156
Excess of revenue	$ 44,730	$ 179,767	$ 308,584

Schedule 3

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Family Support Innovations Fund

Year ended March 31, 2001, with comparative figures for 2000

		2001				2000
		Budget		Actual		Actual
Revenue:						
Provincial Government Funding (note 7)	$	72,293	$	78,455	$	77,510
Expenditures:						
Salaries		58,638		62,908		61,421
Company pension plan		1,350		1,734		1,962
Staff insurance		100		65		71
Other benefits		3,500		3,992		3,436
Travel and other		10,248		9,756		10,620
		73,836		78,455		77,510
Deficiency of revenue over expenditures	$	(1,543)	$	–	$	–

BDO

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AUDITORS' REPORT

TO BOARD OF DIRECTORS
CHILD & FAMILY SERVICES OF WESTERN MANITOBA:

We have audited the statement of financial position of **CHILD & FAMILY SERVICES OF WESTERN MANITOBA** as at **MARCH 31, 2001** and the statements of surplus and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at **MARCH 31, 2001** and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Brandon, Manitoba
April 20, 2001

CHARTERED ACCOUNTANTS

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
Year ended March 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash	$ 537,674	318,942
Term deposits	344,969	239,372
Accounts receivable	176,967	251,788
Prepaid expenses	13,056	
Employees' Trust Certicicates	1,389	1,200
Discounted certificates	8,658	8,199
	1,082,713	819,501
CAPITAL ASSETS (Notes 3 and 4)	2,273,349	2,343,930
	$ 3,356,062	3,163,431

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
Year ended March 31, 2001

	2001	2000
LIABILITIES		
CURRENT		
Deferred revenue	$ 75,000	7,181
Working capital advance	28,300	28,300
Accounts payable	106,177	93,825
Current portion of long-term debt	13,307	13,307
Funds held in trust	5,960	6,329
Employees' Trust Certificates	8,658	8,199
	237,402	157,141
LONG-TERM DEBT - BUILDING (Note 5)	749,184	762,491
SPECIAL ALLOWANCE TRUST FUND	125,040	122,725
	1,111,626	1,042,357
SURPLUS (DEFICIT)		
Operating Fund	328,211	185,447
Capital Fund	1,510,858	1,568,132
Trust Fund	405,367	367,495
	2,244,436	2,121,074
	$ 3,356,062	3,163,431

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - OPERATING FUND
Year ended March 31, 2001

ASSETS

	2001	2000
CURRENT		
Cash	$ 339,821	145,563
Term deposits	10,571	10,000
Accounts receivable	170,940	246,190
Prepaid expenses	13,056	
	$ 534,388	401,753

STATEMENT OF FINANCIAL POSITION - OPERATING FUND
Year ended March 31, 2001

		2001	2000
LIABILITIES			
CURRENT			
Deferred revenue	$	75,000	7,181
Working capital advance		28,300	28,300
Accounts payable		102,877	93,825
Due to Endowment Fund			87,000
		206,177	216,306
SURPLUS (DEFICIT)			
Central program support		157,581	(234,270)
Resource Centre		5,579	3,674
Family support services		44,351	28,456
Child maintenance		22,302	289,041
McVicar Street			
Residential Care		44,064	52,319
Adoptive families project		3,363	6,580
Parenting skills project		715	(8,470)
Intensive crisis intervention			18,803
Pre-school enrichment		522	
Victoria Day Care		45,554	26,063
Early Start project		4,180	3,251
P.A.C.R.			
		328,211	185,447
	$	534,388	401,753

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND
Year ended March 31, 2001

		2001	2000
ASSETS			
CURRENT			
Cash	$	**197,853**	173,379
Term deposits		**334,398**	229,372
Accounts receivable		**6,027**	5,598
Due from Operating Fund			87,000
Employees' Trust Certificates		**1,389**	1,200
Discounted certificate		**8,658**	8,199
	$	**548,325**	504,748

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND
Year ended March 31, 2001

	2001	2000
LIABILITIES		
CURRENT		
Funds held in trust - clients	$ 4,288	4,656
Discounted certificate	8,658	8,199
Vacation pay - McVicar	3,300	
Client trust certificates	1,672	1,673
	17,918	14,528
SPECIAL ALLOWANCE TRUST FUND	125,040	122,725
	142,958	137,253
SURPLUS		
Surplus - Staff gift fund	2,024	1,650
Surplus - Sun fund	12,777	5,590
Surplus - Facility account	59,087	82,679
Surplus - Holding account	23,110	19,615
Surplus - Other trust accounts	21,021	19,560
Surplus - Endowment fund	249,355	238,401
Surplus - New main office building		
Surplus - Other trust programs	37,993	
	405,367	367,495
	$ 548,325	504,748

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CAPITAL FUND
Year ended March 31, 2001

		2001	2000
ASSETS			
CAPITAL ASSETS (Notes 3 and 4)	$	**2,273,349**	2,343,930
LIABILITIES			
CURRENT			
Current portion of long-term debt		**13,307**	13,307
LONG-TERM DEBT - BUILDING (Note 5)		**749,184**	762,491
		762,491	775,798
SURPLUS			
INVESTMENT IN CAPITAL ASSETS, per schedule		**1,510,858**	1,568,132
	$	**2,273,349**	2,343,930

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND
Year ended March 31, 2001

		2001	2000
CENTRAL PROGRAM SUPPORT			
DEFICIT, BEGINNING OF YEAR	$	(234,270)	(86,558)
Surplus (deficit) for year		157,581	(234,270)
Deficit transfer		234,270	86,558
DEFICIT, END OF YEAR	$	157,581	(234,270)
RESOURCE CENTRE			
SURPLUS (DEFICIT), BEGINNING OF YEAR	$	3,674	
Surplus for year		1,905	3,674
SURPLUS (DEFICIT), END OF YEAR	$	5,579	3,674
FAMILY SUPPORT SERVICES			
SURPLUS, BEGINNING OF YEAR	$	28,456	19,817
Surplus for year		15,895	8,639
SURPLUS, END OF YEAR	$	44,351	28,456
CHILD MAINTENANCE OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	289,041	362,301
Surplus (deficit) for year		(22,432)	12,277
Deficit - 8th Street and Brandon Avenue		(10,037)	
Deficit transfer		(234,270)	(85,537)
SURPLUS, END OF YEAR	$	22,302	289,041
RESIDENTIAL CARE			
SURPLUS, BEGINNING OF YEAR	$	52,319	41,676
Surplus (deficit) for year		(8,255)	10,643
SURPLUS, END OF YEAR	$	44,064	52,319
ADOPTIVE FAMILIES PROJECT			
SURPLUS, BEGINNING OF YEAR	$	6,580	4,771
Surplus (deficit) for year		(3,217)	1,809
SURPLUS, END OF YEAR	$	3,363	6,580

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND
Year ended March 31, 2001

		2001	2000
PARENTING SKILLS PROJECT			
SURPLUS (DEFICIT), BEGINNING OF YEAR	$	(8,470)	2,010
Deficit for year		(9,618)	(10,480)
Surplus transfer		18,803	
DEFICIT, END OF YEAR	$	715	(8,470)
INTENSIVE CRISIS INTERVENTION PROJECT			
SURPLUS, BEGINNING OF YEAR	$	18,803	18,803
Surplus transfer		(18,803)	
SURPLUS, END OF YEAR	$		18,803
PRESCHOOL ENRICHMENT			
DEFICIT, BEGINNING OF YEAR	$		
Surplus for year		522	
Surplus transfer			
SURPLUS (DEFICIT), END OF YEAR	$	522	
VICTORIA DAY CARE			
SURPLUS (DEFICIT), BEGINNING OF YEAR	$	26,063	14,873
Surplus for year		19,491	11,190
SURPLUS, END OF YEAR	$	45,554	26,063
EARLY START PROJECT			
DEFICIT, BEGINNING OF YEAR	$	3,251	
Surplus for year		929	3,251
DEFICIT, END OF YEAR	$	4,180	3,251
P.A.C.R.			
SURPLUS, BEGINNING OF YEAR	$		1,016
Surplus transfer			(1,016)
SURPLUS, END OF YEAR	$		

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF INVESTMENT IN CAPITAL ASSETS - CAPITAL FUND
Year ended March 31, 2001

	2001	2000
INVESTMENT IN CAPITAL ASSETS, BEGINNING OF YEAR	$ 1,568,132	1,603,665
Principle payments on mortgage made by operating fund	13,310	12,353
Capital assets purchased by Operating Fund and Trust Fund	57,235	72,558
Capital assets purchased by Capital Fund	1,450	4,024
	1,640,127	1,692,600
Amortization for the year	98,994	124,468
Disposals during the year	30,275	
INVESTMENT IN CAPITAL ASSETS, END OF YEAR	$ 1,510,858	1,568,132

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND
Year ended March 31, 2001

		2001	2000
STAFF GIFT FUND			
SURPLUS, BEGINNING OF YEAR	$	1,650	2,532
Surplus (deficit) for year		374	(882)
SURPLUS, END OF YEAR	$	2,024	1,650
SUN FUND			
SURPLUS, BEGINNING OF YEAR	$	5,590	5,334
Surplus for year		7,187	256
SURPLUS, END OF YEAR	$	12,777	5,590
FACILITY FUND OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	82,679	134,887
Deficit for year		(23,592)	(52,208)
SURPLUS, END OF YEAR	$	59,087	82,679
HOLDING ACCOUNT OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	19,615	16,963
Surplus for year		3,495	2,652
SURPLUS, END OF YEAR	$	23,110	19,615
OTHER TRUST ACCOUNTS			
SURPLUS, BEGINNING OF YEAR	$	19,560	23,977
Surplus (deficit) for year		1,461	(4,417)
SURPLUS, END OF YEAR	$	21,021	19,560
ENDOWMENT FUND			
SURPLUS, BEGINNING OF YEAR	$	238,401	227,273
Surplus for year		10,954	11,128
SURPLUS, END OF YEAR	$	249,355	238,401

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND
Year ended March 31, 2001

		2001	2000
NEW MAIN OFFICE BUILDING			
SURPLUS, BEGINNING OF YEAR	$		63
Deficit for year			(63)
SURPLUS, END OF YEAR	$		
OTHER TRUST PROGRAMS			
SURPLUS, BEGINNING OF YEAR	$		
Surplus for year		37,993	
SURPLUS, END OF YEAR	$	37,993	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - OPERATING FUND
Year ended March 31, 2001

			2000
	Budget Unaudited	Actual	Actual
REVENUE			
Central program	$ 3,479,042	3,465,202	3,046,392
Resource Centre	242,142	240,088	226,138
Family support services	366,800	409,757	373,632
Child maintenance	2,041,142	2,131,035	1,942,487
McVicor street	195,435	195,184	91,354
J & B Project	125,301	118,417	
Residential Care	805,736	765,684	793,164
Child abuse project			80,764
Adoptive families project	46,200	46,200	46,200
Parenting skills project	54,500	54,500	54,500
Pre-school enrichment	188,643	191,352	193,407
Victoria day care	302,787	301,961	287,193
Early start	107,000	107,000	107,155
	7,954,728	8,026,380	7,242,386
EXPENSES			
Central program	3,415,042	3,258,563	3,235,163
Resource Centre	241,142	237,355	221,547
Family support services	391,491	393,862	364,993
Child maintenance	2,162,659	2,161,646	1,930,210
McVicor street	193,435	182,544	91,354
J & B Project	122,076	121,810	
Residential Care	792,421	768,849	780,148
Child abuse project			80,764
Adoptive families project	48,738	49,417	44,391
Parenting skills project	64,045	64,118	64,980
Pre-school enrichment	188,643	190,190	193,407
Victoria day care	294,664	281,919	276,003
Early start	107,000	106,071	103,904
	8,021,356	7,816,344	7,386,864
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	(66,628)	210,036	(144,478)
Transfer to Capital Fund	78,225	57,235	48,789
SURPLUS (DEFICIT) ON OPERATING FUND OPERATIONS FOR YEAR	$ (144,853)	152,801	(193,267)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - CENTRAL PROGRAM SUPPORT - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grants, Province of Manitoba	$ 3,237,100	3,237,100	2,754,000
Residential Care contract fees	50,888	50,888	47,294
Rebates and interest	10,000	25,414	20,079
Facility			4,471
Secondment costs	48,431	48,398	54,558
School Division revenue	48,566	34,356	74,637
Adoption fees	15,000	12,313	13,626
Community Campaign	8,000	1,000	8,000
Miscellaneous	6,000	8,585	5,890
Program Administration revenue	15,250	24,681	24,108
Foundation Transfer Central Program	39,807	22,467	38,449
Centennial			1,280
	3,479,042	3,465,202	3,046,392
EXPENDITURES, per schedule			
Salaries, fees and related expenses	2,808,471	2,705,700	2,733,234
Field service	122,575	129,312	103,482
Office operation	120,975	113,282	123,239
Professional services	66,350	75,421	58,749
Staff development	11,500	11,647	3,989
Board expenses	14,500	10,446	9,444
Other expenses	102,575	46,255	52,462
Other Centres	57,193	57,193	56,191
Main office operations	110,903	109,307	94,373
	3,415,042	3,258,563	3,235,163
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	64,000	206,639	(188,771)
Transfer to Capital Fund	64,000	49,058	45,499
SURPLUS (DEFICIT) ON CENTRAL PROGRAM SUPPORT FOR YEAR	$	157,581	(234,270)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
Central support services	$ 140,015	144,472	148,192
Administration salaries	340,547	303,268	308,196
Supervisor salaries	363,479	371,811	374,991
Direct service - professionals	1,599,480	1,532,611	1,437,664
Payroll tax	54,350	50,803	50,661
Central program benefits	310,600	302,735	282,799
Severence package			130,731
	2,808,471	2,705,700	2,733,234
FIELD SERVICE COSTS			
Car operation	41,000	48,104	38,268
Private mileage	46,155	45,907	34,084
Travelling	13,750	16,301	11,760
Car insurance	21,670	19,000	19,370
	122,575	129,312	103,482
OFFICE OPERATIONS			
Equipment	2,000	3,786	6,424
Repairs and maintenance	1,200	332	380
Computer, payroll and miscellaneous costs	5,700	6,698	5,587
Computer support	15,750	7,388	15,981
Postage	12,000	9,490	13,060
Telephone and telegragh	50,000	51,337	48,564
Supplies	17,000	16,369	16,875
Miscellaneous	1,000	55	853
Audit	7,800	9,350	7,038
Lease payments	8,500	8,477	8,477
Interest and exchange	25		
	$ 120,975	113,282	123,239

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
PROFESSIONAL SERVICES			
Legal	$ 53,000	68,149	46,477
Consulting	8,750	4,191	6,927
Documents	4,600	3,081	5,345
	66,350	75,421	58,749
STAFF DEVELOPMENT			
Staff in training	10,000	11,002	3,018
Library	1,500	645	971
	11,500	11,647	3,989
BOARD EXPENSES			
Board training and expenses	14,500	10,446	9,444
OTHER			
Advertising	3,500	7,973	3,347
Membership fees	3,700	3,324	3,313
Family assistance	5,000	4,692	3,843
Annual meeting and public relations	10,000	9,200	17,562
Insurance	13,000	12,598	12,375
Program supplies	7,700	4,703	6,506
Program evaluation	5,000		
Rural community programs	8,000	665	2,516
M.A.P.P.	3,100	3,100	3,000
Debt repayment	43,575		
	102,575	46,255	52,462
OTHER BUILDINGS			
Rent	$ 57,193	57,193	56,191

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
MAIN OFFICE OPERATIONS			
Mortgage payments	$ 70,531	70,531	58,175
Repairs and maintenance	7,500	6,552	5,644
Janitorial	6,456	6,455	6,430
Office supplies	1,500	1,584	1,358
Hydro	8,500	8,864	7,711
Water	850	1,056	740
Gas	3,000	1,762	1,232
Property taxes	12,566	12,503	13,083
	$ 110,903	109,307	94,373

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESOURCE CENTRE OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
REVENUE			
Building operations	$ 54,000	54,000	54,000
Agency responsibility	52,057	39,405	
Career start grant	770	770	865
Miscellaneous	3,500	6,706	7,033
Brandon and District United Way	29,700	30,092	33,576
Foundation	70,000	70,000	101,200
Campaign and donations	11,615	18,615	8,964
City of Brandon grant	20,500	20,500	20,500
	242,142	240,088	226,138
EXPENDITURES, per schedule			
Salaries	144,874	142,605	129,905
Program	23,300	23,739	20,965
Office and building	72,968	71,011	70,677
	241,142	237,355	221,547
SURPLUS BEFORE TRANSFER TO CAPITAL FUND	1,000	2,733	4,591
Transfer to Capital Fund	1,000	828	917
SURPLUS ON RESOURCE CENTRE OPERATIONS FOR YEAR	$	1,905	3,674

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESOURCE CENTRE EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
SALARIES, FEES AND RELATED EXPENSES			
F.L.E. Salaries	$ 16,000	15,256	11,681
Salaries - Other Centres	99,779	96,072	91,441
Career Start Hourly	2,850	2,684	2,839
Benefits	14,450	14,505	11,914
Child care salaries	9,000	11,409	9,311
Cleaning and reception			168
Payroll tax	2,795	2,679	2,551
Vacation pay change			
	144,874	142,605	129,905
PROGRAM EXPENSES			
Food	2,500	2,255	1,774
Kitchen and cleaning supplies	1,200	1,297	1,111
Child care activities	2,000	2,141	2,077
Program supplies	11,500	10,128	11,114
Transportation	5,000	6,439	3,752
Advertising	400	544	409
Staff training	300	530	276
Camp supplies	400	405	452
	23,300	23,739	20,965
OFFICE/BUILDING MAINTENANCE			
Supplies	1,000	1,224	852
Repairs and maintenance	7,000	4,769	6,506
Equipment and furniture	1,000	695	1,378
Cleaning costs	7,000	7,249	6,785
Telephone	4,800	4,568	4,686
Hydro	8,100	8,089	7,727
Water	550	880	719
Gas	6,050	6,130	5,857
Insurance	5,188	5,128	4,208
Rent	32,280	32,279	31,959
	$ 72,968	71,011	70,677

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FAMILY SUPPORT SERVICES OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
REVENUE			
Family contributions	$		307
Province of Manitoba Family support	352,800	352,800	352,800
Province of Manitoba Exceptional Circumstances			5,935
Miscellaneous		296	363
Adoption - financial assistants	14,000	56,661	14,227
	366,800	409,757	373,632
EXPENDITURES			
Support worker salaries and benefits	132,098	142,248	124,436
Social workers assistants salaries and benefits	74,623	38,653	75,988
Family aides salaries and benefits	94,629	93,419	79,452
Homemaker salaries and benefits	32,955	31,595	24,197
Vacation pay change		(11,168)	
Support miscellaneous	2,000	3,930	2,311
Other family support	14,266		14,500
Support travel costs	25,000	35,591	28,247
Cell phones - support workers	1,920	2,933	1,635
Adoption - financial assistants	14,000	56,661	14,227
	391,491	393,862	364,993
SURPLUS (DEFICIT) ON FAMILY SUPPORT SERVICES FOR YEAR	$ (24,691)	15,895	8,639

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD MAINTENANCE OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba - maintenance	$		543,046
Province of Manitoba - level 1	1,451,200	1,448,648	427,000
Parent and guardian	13,000	16,576	16,173
Special needs grant			510,300
Exceptional circumstances/Repat	426,985	468,556	218,008
Repat	1,000	528	807
Special needs - other agencies		107,701	98,570
Basic - other agencies	148,957	88,402	126,492
Miscellaneous		624	2,091
	2,041,142	2,131,035	1,942,487
EXPENDITURES, per schedule	2,162,659	2,161,646	1,930,210
SURPLUS (DEFICIT) ON CHILD MAINTENANCE OPERATIONS FOR YEAR	$ (121,517)	(30,611)	12,277

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CHILD MAINTENANCE EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
Regular rate foster home	$ 859,000	798,657	820,543
Independent living	52,500	68,330	51,392
Gifts	9,700	10,930	9,692
Education	27,000	23,525	26,891
Activities	27,000	25,372	25,995
Emergency homes	1,500	438	1,090
Emergency retainer	18,000	17,988	15,953
Damage and special occasions	2,000	4,557	1,457
Transportation	38,500	42,488	35,000
Special rate - foster homes	343,500	343,450	316,753
Special rate - 8th street	45,854	31,726	36,039
Non-pay shelter costs	3,000	2,771	1,112
Day Care	1,300	2,026	1,286
Miscellaneous	5,000	2,585	4,898
Respite - foster parent	27,000	28,091	25,759
Home visits	61,000	41,653	56,260
Therapy	11,000	16,502	10,229
Medical	6,500	9,913	5,891
Initial clothing	14,500	10,564	13,816
Age of majority	7,000	3,940	3,393
Children in care support	24,863	14,060	22,820
Repatriation costs	1,000	528	807
Exceptional circumstances	5,000	3,164	4,579
Regular rate - other agencies	82,500	83,149	118,359
Agency allowances - other agencies	5,500	5,012	8,273
Special rate - other agencies	60,957	104,835	98,494
Travel out of Province	1,000	3,489	342
Extra one time expense	10,000	6,732	14,703
Level V - Service	410,985	455,171	198,384
	$ 2,162,659	2,161,646	1,930,210

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF MCVICOR STREET OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
REVENUE			
Basic maintenance	$ 7,144	7,144	7,056
Special rate	170,291	170,252	48,638
M.R.S. services			35,660
Department of Education	18,000	17,788	
	195,435	195,184	91,354
EXPENDITURES, per schedule			
Salaries	162,889	150,528	69,606
Building and administration costs	18,867	19,401	13,183
Direct costs	11,679	12,615	8,565
	193,435	182,544	91,354
SURPLUS BEFORE TRANSFER TO CAPITAL FUND	2,000	12,640	
Capital asset purchases	2,000		
SURPLUS ON MCVICOR STREET OPERATIONS FOR YEAR	$	12,640	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF MCVICOR STREET EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
SALARIES, FEES AND RELATED EXPENSES			
Salaries	$ 126,620	107,836	26,678
Employee benefits	19,269	10,109	4,839
Relief	14,000	10,084	31,863
Payroll tax	3,000	2,463	1,311
Home care McVicar		20,036	4,915
	162,889	150,528	69,606
BUILDING AND ADMINISTRATION			
Rent	7,200	7,200	7,200
Repairs and maintenance	1,000	944	897
Equipment and furniture	1,000	2,149	687
Utilities	2,800	3,225	2,535
Telephone	500	405	366
Administration	5,500	5,051	44
Insurance	267	267	936
Advertising	500	128	518
Miscellaneous	100	32	
	18,867	19,401	13,183
DIRECT COSTS			
Activities	447	619	401
Personel allowance	537	560	380
Gifts	95	52	140
Health	600	171	563
Transportation	1,800	3,360	1,799
Food	5,200	5,224	4,286
Kitchen and cleaning	1,100	1,885	966
Education	1,900	744	30
	$ 11,679	12,615	8,565

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF J & B PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
REVENUE			
Start-up grant	$ 2,000	2,000	
Basic maintenance	12,007	11,831	
Special rate	108,294	101,586	
Special allowance trust	3,000	3,000	
	125,301	118,417	
EXPENDITURES, per schedule			
Salaries and benefits	98,926	95,278	
Building and administration costs	13,293	14,389	
Direct costs	9,857	12,143	
	122,076	121,810	
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	3,225	(3,393)	
Transfer to Capital Fund	3,225	1,068	
SURPLUS (DEFICIT) ON J & B PROJECT OPERATIONS FOR YEAR	$	(4,461)	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF J & B PROJECT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

		2001		2000
		Approved (Unaudited)	Actual	Actual
SALARIES AND BENEFITS				
Salaries	$	82,936	83,904	
Relief		5,290	2,741	
Employee benefits		8,800	6,764	
Payroll tax		1,900	1,869	
		98,926	95,278	
BUILDING AND ADMINISTRATION COSTS				
Rent		5,693	5,707	
Equipment and furniture		2,000	5,364	
Repairs and maintenance		1,500	693	
Utilities		2,300	1,266	
Telephone		500	586	
Building insurance		500	52	
Administration costs		100	641	
Miscellaneous		700	80	
		13,293	14,389	
DIRECT COSTS				
Food		3,765	3,544	
Household		500	987	
Clothing		1,228	543	
Personal allowance		822	643	
Activities		1,050	1,164	
Education		657	445	
Health		438	432	
Transportation		1,200	4,158	
Gifts		197	227	
	$	9,857	12,143	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESIDENTIAL CARE OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
REVENUE			
Province of Manitoba fees	$ 542,636	505,853	517,854
Province of Manitoba grant	241,700	241,700	233,500
Special relief	21,400	17,006	41,143
Miscellaneous		1,125	667
	805,736	765,684	793,164
EXPENDITURES, per schedule			
Salaries and benefits	655,215	637,622	651,896
Building	60,731	61,550	56,295
Administration	6,325	4,270	12,510
Direct	70,150	65,407	59,447
TOTAL EXPENDITURES	792,421	768,849	780,148
SURPLUS BEFORE TRANSFER TO CAPITAL FUND	13,315	(3,165)	13,016
Transfer to Capital Fund	7,000	5,090	2,373
SURPLUS (DEFICIT) ON RESIDENTIAL CARE OPERATIONS FOR YEAR	$ 6,315	(8,255)	10,643

SCHEDULE OF RESIDENTIAL CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
SALARIES AND BENEFITS			
Salary costs	$ 492,761	467,134	486,481
Relief costs	58,690	76,751	47,859
Special relief costs	20,000	14,698	38,411
Employee benefits	69,144	64,728	63,746
Payroll levy	12,413	11,946	12,721
Workers' compensation	2,207	2,365	2,678
	655,215	637,622	651,896
BUILDING			
Mortgages	20,540	20,540	20,336
Utilities	9,582	8,706	8,219
Household supplies	4,500	4,791	5,213
Repairs and maintenance	17,600	18,168	15,483
Insurance	7,009	6,949	2,494
Equipment	1,500	2,396	2,527
Building			2,023
	60,731	61,550	56,295
ADMINISTRATION			
Office supplies	300	503	461
Advertising	400		202
Bank charges	25	123	5
Miscellaneous	200	82	8,631
Telephone	3,000	2,724	2,747
Staff training	2,400	838	464
	6,325	4,270	12,510
DIRECT			
Food	30,500	28,553	28,620
Clothing	9,000	8,370	7,482
Personal allowances	6,000	4,980	5,193
Education	1,450	1,279	1,228
Group activity allowance	8,000	8,008	4,856
Gifts	1,500	1,754	1,196
Medical	1,200	697	805
Transportation	12,500	11,766	10,067
	$ 70,150	65,407	59,447

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD ABUSE PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba grant	$		50,300
Agency supplement/child			18,214
Service staffing grant			12,200
Miscellaneous revenue			50
			80,764
EXPENDITURES			
Salaries and benefits			77,604
Payroll tax			1,530
Travel			120
Program costs			1,510
			80,764
SURPLUS ON CHILD ABUSE PROJECTS FOR YEAR	$		

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF ADOPTIVE FAMILIES PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grant	$ 46,200	46,200	46,200
EXPENDITURES			
Salaries and benefits	45,138	45,817	38,529
Program administration costs	2,600	2,600	3,162
Travel	1,000	1,000	2,700
	48,738	49,417	44,391
SURPLUS (DEFICIT) ON ADOPTIVE FAMILIES PROJECT FOR YEAR	$ (2,538)	(3,217)	1,809

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PARENTING SKILLS PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

		2001		2000
		Approved (Unaudited)	Actual	Actual
REVENUE				
Province of Manitoba grant	$	54,500	54,500	54,500
EXPENDITURES				
Salaries and benefits		62,045	62,896	59,780
Travel				1,800
Program supplies		2,000	1,222	3,400
		64,045	64,118	64,980
DEFICIT ON PARENTING SKILLS PROJECT FOR YEAR	$	(9,545)	(9,618)	(10,480)

STATEMENT OF PRE-SCHOOL ENRICHMENT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services Transportation	$	5,112	5,745
Grant maintenance	13,836	13,837	11,667
Fees - province	72,000	72,290	69,399
Fees - parent	10,944	18,382	17,175
Support transfer			14,500
Private funds	80,236	67,059	61,418
Quota club grant		750	770
Disabilities Grant	11,627	12,637	10,837
Aboriginals Head start			1,558
Bad Debt Recovery		738	338
Other		547	
	188,643	191,352	193,407
EXPENDITURES, per schedule			
Staff salaries and benefits	140,749	138,988	148,382
Program	7,789	8,093	7,594
Office and building	17,030	17,322	17,022
Administration	23,075	25,787	20,409
	188,643	190,190	193,407
SURPLUS BEFORE TRANSFER TO CAPITAL FUND		1,162	
Transfer to Capital Fund		640	
SURPLUS ON PRE-SCHOOL ENRICHMENT OPERATIONS FOR YEAR	$	522	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
STAFF SALARIES AND BENEFITS			
Salaries	$ 121,197	120,098	113,721
Benefits	19,552	18,890	34,661
	140,749	138,988	148,382
PROGRAM			
Food	4,864	4,689	4,662
Kitchen and cleaning supplies	350	343	345
Activity supplies	500	507	286
Equipment and furniture	1,075	897	611
Equipment repairs			2
Special projects	1,000	920	921
Quota Club Expenduture		737	767
	7,789	8,093	7,594
OFFICE AND BUILDING			
Rent	9,939	9,940	9,841
Repairs and maintenance	1,515	1,074	1,208
Contract cleaners	1,500	1,267	1,363
Leasehold improvements	300	1,197	270
Equipment	600	167	1,141
Utilities	3,176	3,677	3,199
	$ 17,030	17,322	17,022

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
ADMINISTRATION			
Postage	$ 200	200	177
Advertising and office supplies	150		334
Telephone	1,500	1,222	1,620
Insurance	1,951	1,951	823
Travel	12,225	14,523	10,193
Staff training	600	1,335	196
Audit fee	1,257	1,431	1,258
Travel - employees		129	1,068
Bad debt - preschool	5,000	4,996	4,740
Association dues - preschool	192		
	$ 23,075	25,787	20,409

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF VICTORIA DAY CARE OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services grant	$ 71,022	71,012	56,364
Aboriginal Head Start			3,115
Handicapped staffing grant	43,811	31,798	39,675
Fees - province	122,854	141,996	125,896
Bad debt recovery		122	42
Parents fees	64,600	56,161	61,791
Miscellaneous	500	872	310
	302,787	301,961	287,193
EXPENDITURES, per schedule			
Staff salaries and benefits	250,681	233,428	234,444
Program	15,403	15,772	14,041
Office and building	19,647	19,798	18,915
Administration	8,933	12,921	8,603
	294,664	281,919	276,003
SURPLUS BEFORE TRANSFER TO CAPITAL FUND	8,123	20,042	11,190
Transfer to Capital Fund	1,000	551	
SURPLUS ON VICTORIA DAY CARE OPERATIONS FOR YEAR	$ 7,123	19,491	11,190

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
STAFF SALARIES AND BENEFITS			
Salaries	$ 216,731	204,863	206,505
Benefits	33,950	28,565	27,939
	250,681	233,428	234,444
PROGRAM			
Food	11,453	11,023	11,305
Kitchen and cleaning supplies	1,500	1,920	1,477
Activity supplies	800	1,027	666
Equipment and furniture	900	1,468	219
Equipment repairs	250	25	18
Special projects	500	309	356
	15,403	15,772	14,041
OFFICE AND BUILDING			
Rent	11,397	11,397	11,284
Repairs and maintenance	2,500	1,896	2,456
Contract cleaners	2,100	2,179	1,975
Equipment and furniture		377	
Leasehold improvements	350	142	
Utilities	3,300	3,807	3,200
	$ 19,647	19,798	18,915

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
ADMINISTRATION			
Telephone	$ 875	922	723
Postage	200	372	203
Insurance	1,951	1,951	823
Association fees	175	175	175
Advertising	250	57	264
Travel - employees	350	227	251
Staff training	675	1,688	431
Audit fee	1,257	1,431	1,258
Library	200		
Bad debts expense	3,000	6,098	4,475
	$ 8,933	12,921	8,603

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF EARLY START PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2001

	2001		2000
	Approved (Unaudited)	Actual	Actual
REVENUE			
Early start revenue	107,000	107,000	107,000
Secretarial reimbursements			155
	107,000	107,000	107,155
EXPENDITURES, per schedule			
Program	77,392	76,657	74,570
Office and building	29,608	29,414	29,334
TOTAL EXPENDITURES	107,000	106,071	103,904
SURPLUS ON EARLY START PROJECT OPERATIONS FOR YEAR	$	929	3,251

SCHEDULE OF EARLY START PROJECT EXPENDITURES - OPERATING FUND
Year ended March 31, 2001

	2001 Approved (Unaudited)	2001 Actual	2000 Actual
PROGRAM			
Home visitor salaries and benefits	69,659	69,862	68,700
Other salaries and benefits	3,250	965	886
Travel	1,358	2,232	2,625
Training	1,000	1,354	881
Supplies	1,300	770	1,010
Toys	675	1,066	354
Workshops		397	
Miscellaneous	150	11	114
	77,392	76,657	74,570
FACILITY SERVICE COSTS			
Co-ordinator salary and benefits	17,140	17,849	17,747
Travel	368	59	69
Secretarial	1,500	1,500	1,463
Office	2,000	1,228	1,443
Telephone	1,500	1,615	1,485
Audit and accounting fees	300	300	300
Administration and supervision	6,800	6,800	6,809
Equipment repairs and maintenance		63	18
	$ 29,608	29,414	29,334

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Staff gift fund	$	2,168	1,992
Sun fund		59,858	54,115
Facility fund		93,973	88,333
Holding account		23,110	19,615
Other trust accounts		9,527	6,525
Endowment fund		19,599	11,128
New main office building		45,670	
		253,905	181,708
EXPENDITURES			
Staff gift fund		1,794	2,874
Sun fund		52,671	53,859
Facility fund		117,565	104,416
Holding account		19,615	16,963
Other trust accounts		8,066	10,942
Endowment fund		8,645	
New main office building		7,677	
		216,033	189,054
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND		37,872	(7,346)
Transfer to Capital Fund			36,125
SURPLUS (DEFICIT) FOR YEAR	$	37,872	(43,471)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF STAFF GIFT FUND OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Staff contributions	$	2,168	1,992
EXPENDITURES			
Gift purchases		1,794	2,874
SURPLUS (DEFICIT) FOR YEAR	$	374	(882)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SUN FUND OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Charitable donations	$	1,378	912
Culture and Heritage		5,000	5,000
Grant revenue - provincial			362
Grant revenue - federal		1,980	2,541
CFS Foundation grant		50,000	45,300
Interest		1,500	
		59,858	54,115
EXPENDITURES			
Camp fees		41,656	38,588
Office		2,016	1,870
Other		519	1,495
Salaries		5,460	6,739
Transportation		3,020	5,167
		52,671	53,859
SURPLUS FOR YEAR	$	7,187	256

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FACILITY FUND OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Interest	$	7,242	6,714
Miscellaneous		4,296	
Rent		82,435	81,619
		93,973	88,333
EXPENDITURES			
CFS supplements		97,818	84,104
Property taxes		19,429	20,312
Repairs and maintenance		318	
		117,565	104,416
DEFICIT BEFORE TRANSFER TO CAPITAL FUND		(23,592)	(16,083)
Transfer to Capital Fund			36,125
DEFICIT ON FACILITY FUND OPERATIONS FOR YEAR	$	(23,592)	(52,208)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF HOLDING ACCOUNT OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Community campaign	$	22,500	19,110
Memberships		610	505
		23,110	19,615
EXPENDITURES			
Community campaign expenses		19,615	16,963
SURPLUS FOR YEAR	$	3,495	2,652

STATEMENT OF OTHER TRUST ACCOUNT OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE	$	9,527	6,525
EXPENDITURES		8,066	10,94
SURPLUS (DEFICIT) FOR YEAR	$	1,461	(4,41

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF ENDOWMENT FUND OPERATIONS - TRUST FUND
Year ended March 31, 2001

		2001	2000
REVENUE			
Interest earned	$	18,099	9,448
Capital campaign		1,500	1,680
		19,599	11,128
EXPENDITURES			
CFS supplements		8,645	
SURPLUS ON ENDOWMENT FUND OPERATIONS FOR YEAR	$	10,954	11,128

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OTHER PROGRAMS - TRUST FUND
Year ended March 31, 2001

	2001	2000
REVENUE		
Training Programs - fees	$ 16,670	
Special Grant - CWLC Abuse Prevention grant	5,000	
Inovative Care Project - MCSC grant	24,000	
	45,670	
EXPENDITURES		
Training program - program costs	7,177	
Special grant - CWLC Abuse Prevention expenses	500	
	7,677	
SURPLUS ON OTHER PROGRAMS - TRUST FUND OPERATIONS FOR YEAR	$ 37,993	

NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2001

1. ENTITY DEFINITION

The organization is a registered charity. Any surplus it may generate is non-taxable.

2. FUND ACCOUNTING

Child & Family Services of Western Manitoba follows the restricted method of accounting for contributions.

The Operating Fund accounts for the program delivery and administration activities

The Capital Fund records the assets, liabilities, revenues and expenses related to Child & Family Services of Western Manitoba's capital assets.

The Trust Fund reports resources held in trust for purposes outside of normal program delivery and administration purposes. Investment income and money recieved by the Trust Fund is reported as revenue in the Trust Fund and expenses relating directly to the trust funds are recorded as expenses in the Trust Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

The costs of capital assets acquired are recorded as a transfer to the Capital Fund.

The cost of capital assets are recorded in the Investment in Capital Assets and amortization is treated as an annual reduction of the Investment in Capital Assets.

Investments

The investments are recorded at the lower of cost and net realizable value.

4. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Value	Net Value
800 MacTavish Avenue				
Building and land	$ 812,774	(55,816)	756,958	774,902
Office equipment and furniture	261,741	(150,310)	111,431	122,063
Other Centres				
Building and land	1,064,119	(130,512)	933,607	957,710
Equipment	73,932	(19,475)	54,457	57,326
2227 Brandon Avenue				
Building and land	192,062	(110,275)	81,787	85,928
Equipment	30,419	(18,263)	12,156	12,486
Cypress House				
Building and land	120,876	(49,694)	71,182	72,095
Equipment	32,440	(20,720)	11,720	10,911
7th Street House				
Building and land	76,370	(35,776)	40,594	42,105
Equipment	19,216	(15,069)	4,147	5,165
8th Street House				
Building and land	94,503	(14,044)	80,459	82,367
Equipment	4,471	(1,373)	3,098	3,321
Automobiles	433,362	(322,624)	110,738	117,551
J & B Project				
Equipment	1,068	(53)	1,015	
	$ 3,217,353	(944,004)	2,273,349	2,343,930

5. LONG TERM DEBT

		2001	2000
Royal Trust mortgage, repayable $5,878 monthly including interest at 7.85%, secured by land and building	$	762,491	775,798
Current portion		13,307	13,307
	$	749,184	762,491

Principal payments due in the next five years are as follows.

2001	-	$	13,307
2002	-		14,330
2003	-		15,432
2004	-		16,619
2005	-		17,898

6. COMMITMENTS

The organization leases office equipment under operating leases. Minimum lease payments due in the next five years are as follows:

2001	-	$	6,498
2002	-		6,498
2003	-		6,498
2004	-		3,249
2005	-		

7. ECONOMIC DEPENDENCE

Child & Family Services of Western Manitoba is economically dependent upon the Provincial Government of Manitoba for funding.

8. STATEMENT OF CASH FLOWS

A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements.

HAUGEN MORRISH
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To The Board of Directors
Communities Economic Development Fund

We have audited the balance sheet of Communities Economic Development Fund as at March 31, 2001 and the statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statament presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Haugen Morrish
CHARTERED ACCOUNTANTS

The Pas, Manitoba
May 25, 2001

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COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 1

BALANCE SHEET

MARCH 31

ASSETS

	2001	2000
Cash	$ 325,281	$ 412,208
Trust deposits	7,245	8,690
Due from Province of Manitoba *(Note 3)*	2,031,271	1,830,594
Accounts receivable	72,958	352,572
Advances *(Note 13)*	169,055	28,998
Life insurance receivable	13,631	16,687
Property held for resale	51,251	138,906
Prepaid expenses	16,582	7,635
Loans receivable *(Note 4)*	18,351,129	18,602,624
	21,038,403	21,398,914
CAPITAL ASSETS (Note 7)	37,707	23,194
	$ 21,076,110	$ 21,422,108

LIABILITIES

	2001	2000
Accounts payable and accrued liabilities	$ 219,252	$ 252,189
Accrued pension liability *(Note 2)*	1,229,317	1,158,385
Interest payable to the Province of Manitoba	605,645	506,284
Advances by the Province of Manitoba *(Note 8)*	19,021,896	19,505,250
	$ 21,076,110	$ 21,422,108

Approved on behalf of the Board

Director

Director

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 2

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

	2001	2000
REVENUE		
Loan interest		
Team	$ 205	$
Business Program	1,089,342	1,166,706
Fisheries Program	959,528	820,963
Investment income	44,208	34,101
	2,093,283	2,021,770
COST OF FUNDS		
Interest paid to the Province of Manitoba		
Business Program	898,656	897,774
Fisheries Program	662,129	585,605
	1,560,785	1,483,379
GROSS MARGIN	532,498	538,391
OPERATING EXPENSES (Schedule 1)	1,563,351	1,452,848
	(1,030,853)	(914,457)
OTHER INCOME - ADMINISTRATION FEES	30,071	34,427
EXCESS OF EXPENDITURES OVER REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS	(1,000,782)	(880,030)
Provision for doubtful accounts - regular operations	499,418	499,969
EXCESS OF EXPENDITURES OVER REVENUE BEFORE SUBSIDY FROM PROVINCE OF MANITOBA	(1,500,200)	(1,379,999)
SUBSIDY DUE FROM PROVINCE OF MANITOBA	1,500,200	1,379,999
	$ -	$ -

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 3

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2001	2000
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Cash received from Province of Manitoba and other sources	$ 2,988,354	$ 2,894,858
Expenditures to suppliers and employees	(1,513,081)	(1,388,136)
Interest paid	(1,560,786)	(1,531,003)
	(85,513)	(24,281)
INVESTING ACTIVITIES		
Purchase of capital assets	(26,788)	(9,878)
Loans issued net of principal payments	(28,879)	(209,094)
Purchase of equipment - net	87,655	120,435
	31,988	(98,537)
FINANCING ACTIVITIES		
Subsidy - Province of Manitoba *(Note 1)*	1,500,200	1,379,999
Advances by the Province of Manitoba	(1,535,047)	(1,267,131)
	(34,847)	112,868
NET DECREASE IN CASH AND TRUST DEPOSITS	(88,372)	(9,950)
CASH AND TRUST DEPOSITS, *beginning of year*	420,898	430,848
CASH AND TRUST DEPOSITS, *end of year*	$ 332,526	$ 420,898

CASH AND TRUST DEPOSITS REPRESENTED BY		
Cash	$ 325,281	$ 412,208
Trust deposits	7,245	8,690
	$ 332,526	$ 420,898

1. NATURE OF THE ORGANIZATION

The Communities Economic Development Fund (the Fund) was established in 1971 (Ch. C155) as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July, 1991 the object of the Fund was set to encourage economic development in Northern Manitoba, to act as a lending authority in the fishing industry in the Province of Manitoba and to provide financial assistance to aboriginal people in the Province outside the City of Winnipeg. The Business and Fisheries Loan Programs are administered under the C.E.D.F. Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Business Loan Program

The allowance for doubtful accounts on loans and interest receivable is calculated on a specific item basis in addition to a 5% non-specific provision on the remaining loans not specifically provided for.

Fisheries Loan Program

The allowance for doubtful accounts on fisheries loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value (NPV) formula used for calculating the allowance for doubtful accounts is recognized by the Canadian Institute of Chartered Accountants; however, it does not account for closure of a fishery or regulated reduction of production. In the event of closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful accounts.

PENSION EXPENSE AND OBLIGATIONS

The employees of the Fund are not members of the Civil Service of the Province but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. Payments to the pensioners are charged against the liability account. The current pension expense is determined on the basis of an actuarial valuation. The most recent actuarial valuation as at December 31, 1998 indicated the accrued liability is in line with the obligation forecast in the report. In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. The total liability as at March 31, 2001 amounts to $1,229,317 (2000 - $1,158,385).

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization of capital assets has been calculated on a straight line basis using the following rates:

Building	10%
Office furniture and equipment	10 - 20%
Computer equipment	25 - 50%

3. DUE FROM PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of $2,031,271 (2000 - $1,830,594) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	2001	2000
Department of Northern Affairs		
Subsidy (refundable)	$ 361,264	$ 296,414
- Orders in Council pending	375,290	310,395
Pension (unfunded)	1,229,317	1,158,385
Severance accrual (unfunded)	65,400	65,400
	$ 2,031,271	$ 1,830,594

4. LOANS RECEIVABLE

	2001	2000
Business Loan Program		
Principal	$ 11,972,551	$12,273,239
Accrued interest	477,173	302,232
	12,449,724	12,575,471
Allowance for doubtful accounts *(Note 5)*	(1,993,420)	(1,631,359)
	10,456,304	10,944,112
Fisheries Loan Program		
Principal	10,465,796	10,316,886
Accrued interest	671,418	731,947
	11,137,214	11,048,833
Allowance for doubtful accounts *(Note 5)*	(3,256,358)	(3,390,321)
	7,880,856	7,658,512
Team Loan Program		
Principal	13,782	
Accrued interest	187	--
	13,969	--
	$ 18,351,129	$18,602,624

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The change in the allowance is accounted for as follows:

Business Loan Program

	2001			2000
	Specific	Non-Specific	Total	Total
Balance, *beginning of year*	$ 1,112,361	$ 518,998	$ 1,631,359	$ 1,494,201
Provision for the year	453,960	(54,542)	399,418	299,969
	1,566,321	464,456	2,030,777	1,794,170
Accounts written off	(37,357)	-	(37,357)	(162,811)
Balance, *end of year*	$ 1,528,964	$ 464,456	$ 1,993,420 ✓	$ 1,631,359

Fisheries Loan Program

	2001	2000
Balance, *beginning of year*	$ 3,390,321	$ 3,387,578
Provision for the year	100,000	200,000
	3,490,321	3,587,578
Accounts written off	(233,963)	(197,257)
Balance, *end of year*	$ 3,256,358 ✓	$ 3,390,321

6. LOAN COMMITMENTS AND CONTINGENT LIABILITIES

	2001	2000
Loan guarantees	$ 50,000	$ 220,000
Undisbursed balance of approved loans	1,687,401	618,079
	$ 1,737,401	$ 838,079

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Office furniture and equipment	$ 192,373	$ 154,666	$ 37,707	$ 23,194

8. ADVANCES BY THE PROVINCE OF MANITOBA

	2001	2000
Business Loan Program *(Note 9)*	$ 11,274,451	$ 12,194,358
Fisheries Loan Program *(Note 10)*	7,747,445	7,310,892
	$ 19,021,896	$ 19,505,250

9. BUSINESS LOAN PROGRAM

The Communities Economic Development Fund is included under The Provision of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 2000". The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council. Prior to the 1992/93 fiscal year, advances by the Province were interest free.

Advances from the Business Loan Program at March 31, 2001 are accounted for as follows:

Advances, *beginning of year*	$ 13,825,717
2000/01 loan advances	2,283,724
2000/01 loan advance repayments	(2,841,570)
	13,267,871
Unfunded allowance, *beginning of year*	1,631,359
2000/01 provision for doubtful accounts	399,418
Write offs (Order in Council pending)	(37,357)
	1,993,420
Net Balance, *end of year (Note 8)*	$ 11,274,451

The fund has specific loan exposure in the forestry sector in Northern Manitoba. Loans totalling $3,292,026 were outstanding to timber harvesting and related operations as at March 31, 2001. Non-specific allowances have been claimed against the portfolio totalling 5% of the outstanding loan balances at March 31, 2001. In addition, specific allowances have been claimed where management believes the loan has been impaired or where there is a difference between the carrying value of the loan and the estimated realizeable value of the assets pledged as security. The total allowance claimed against the forestry loan portfolio as at March 31, 2001 amounted to $519,582.

As of March 9, 2001 all timber harvesting operations were curtailed by Tolko Manitoba Inc. (Tolko). Tolko sited local, provincial and international issues that impact its ability to operate economically and as such were forced to shut down all woodlands operations. Sawmill operations re-commenced on a reduced scale in early April. As of May 25, 2001 the harvesting operations remain idle as Tolko continues to identify methods to reduce the cost of its fibre supply to its mill in The Pas.

Should wood harvesting operations not be reinstated to the pre-shutdown levels, the Funds exposure to loan losses could increase. As of May 25, 2001, it is impossible to predict the extent of additional losses, if any, that the Fund may experience on loans in the forestry sector. As such, no provision for additional loan losses for forestry sector loans have been provided for in these financial statements.

The Fund's exposure in the forestry sector may also be impacted by the outcome of the current Canadian software lumber dispute with the United States. The specific impact of market disruption due to countervailing tariff or other trade action, though likely negative, is unknown at this time.

10. FISHERIES LOAN PROGRAM

The Communities Economic Development Fund is appointed as the Lending Agency for the Fisheries Loan Program (under Part III of the Fisheries Act). The portfolio had previously been administered by Manitoba Agricultural Credit Corporation (M.A.C.C.) and funded by the Department of Natural Resources. Effective April 1, 1992 this portfolio was transferred to the Fund in its entirety.

Advances to the Fisheries Loan Program at March 31, 2001 are accounted for as follows:

Advances, *beginning of year*	$ 10,701,212
2000/01 loan advances	4,281,507
2000/01 loan advance repayments	(3,978,916)
	11,003,803
Unfunded allowance, *beginning of year*	3,390,320
2000/01 provision for doubtful accounts	100,000
Write offs (Order in Council pending)	(233,962)
	3,256,358
Net Balance, *end of year (Note 8)*	$ 7,747,445

Interest costs are charged on total advances of $10,701,212 which is the total portfolio including the allowance for loss portion of $3,390,320.

Life insurance on clients - The Fisheries Loan Program carries Life and Accidental Dismemberment on clients' loans. The cost of this insurance is recovered in the margin charged on interest rates.

The Fund utilizes a net present value formula to value its Fish Loan Portfolio and estimate the provision for loan losses. The formula takes into account the payments received in the previous 12 month period as a basis for calculating future collections. The 2000 and 2001 fishing seasons were dramatically improved over previous seasons. As a result, fewer fish loans indicate arrears potential and the formula utilized to value the fish loan portfolio generates a lower estimate for loan loss provision.

The provision for fish loan losses in the Funds books of account exceeds the value derived by the net present value formula as at March 31, 2001 by $909,047 (March 31, 2000 - $529,747).

	2001	2000
Loan Loss Provision		
• per accounts	$ 3,256,358	$ 3,390,321
• per net present value calculation	2,347,311	2,860,574
Difference	$ 909,047	$ 529,747

The commercial fishing industry is cyclical in nature and as a result, no adjustment has been made to the loan loss provision as at March 31, 2001

11. LOAN ACT AUTHORITY

Amounts authorized for advances under "The Loan Act, 2000" are as follows:

Per Schedule A of "The Loan Act, 2000"	$ 10,800,000
Per Schedule B of "The Loan Act, 2000" - Direct Loans	9,547,842
	20,347,842
Advances made during the 2000/01 fiscal year	(6,565,231)
Unused Loan Act capital available	$ 13,782,611

Guarantees of $970,000 were also authorized under "The Loan Act, 1999". Loan guarantees totalling $50,000 have been issued by the Communities Economic Development Fund as at March 31, 2001.

12. COMMITMENTS

The Fund has leases for office premises as follows:

Swan River	$675 per month
Thompson	$7,235 per month

The leases expire July 31, 2002 and July 31, 2005 respectively.

13. ADVANCES

The advances bear interest at the Royal Bank of Canada prime interest rate, plus 1%, payable monthly and are secured by a general security agreement.

14. ECONOMIC DEPENDENCE

The ongoing operation of Communities Economic Development Fund depends on obtaining adequate financing and funding. The Communities Economic Development Fund is dependent upon the Province of Manitoba for funding of operations.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

SCHEDULE 1

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED MARCH 31

	2001	2000
Amortization of capital assets	$ 12,275	$ 10,318
Collection costs	37,630	37,887
Communications	51,303	51,352
Credit reports	2,190	2,840
Directors' fees and expenses	66,756	57,174
Government vehicles	34,860	36,676
Insurance	911	1,095
Legal costs	18,499	13,051
Life insurance *(Note 10)*	63,157	63,574
Office supplies and expenses	18,548	16,579
Pension expense	132,147	100,253
Professional fees	23,630	39,309
Rent and utilities	76,373	75,741
Salaries and benefits	873,325	856,434
Sundry	29,423	29,571
Team expenses	65,061	
Travel	57,263	60,994
	$ 1,563,351	$ 1,452,848

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

on the Schedule of Loan Guarantee Transactions

To the Legislative Assembly of Manitoba

We have audited the schedule of loan guarantee transactions of The Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2001. This financial information is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the transactions of the Board for the year ended March 31, 2001 in accordance with the accounting policies stated in note 2 to the schedule.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 18, 2001, except as to Note 3c which is of July 18, 2001

The Co-operative Loans and Loans Guarantee Board

Schedule of Loan Guarantee Transactions
for the year ended March 31, 2001

	Amounts Outstanding at March 31, 2000 $	Additions $	Cancellations $	Amounts Outstanding at March 31, 2001 $
Loan Guarantees: (Note 3)				
Neechi Foods Co-op Ltd.	7,000	—	3,500	3,500
Gladstone, Austin Natural Gas Co-op Ltd.	600,000	—	—	600,000
Ostrich Products and Marketing Co-op Ltd.	45,000	—	15,000	30,000
United Messenger Co-op Ltd.	130,000	—	90,000	40,000
SMW Workers Co-op Ltd.	120,000	—	12,000	108,000
Physique Plus Fitness Co-op Inc.	—	8,000	—	8,000
	902,000	8,000	120,500	789,500

Approved by the Board:

Chairperson

Secretary

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2001

1. Nature of Operations

The Co-operative Associations Loans and Loans Guarantee Act established the Board with the primary objective of ensuring that cooperative organizations have access to basic financial services. The Board is empowered to make loans or guarantee loans to cooperative organizations in Manitoba. The Cooperative Development Section of the Department of Industry, Trade and Mines administers the activities of the Board. The Department pays all administrative and general operating costs of the Board. The Board may charge a fee for its loans and loan guarantees. The Department records all revenue received.

2. Accounting Policies

a) Loan guarantees are stated at the amount guaranteed.

b) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services cannot be reasonably estimated and is therefore not included in the financial statements.

3. Loan Guarantees

a) Neechi Foods Co-op Ltd
The Board guaranteed an operating loan up to but not exceeding $35,000 to Neechi Foods Co-op Ltd. The agreement requires that the guarantee reduce annually by $7,000 with the first reduction to take effect on December 31, 1992, and annually thereafter until the expiry of the guarantee on December31, 1996. The Board declared a moratorium on the loan guarantee reduction for December31, 1994. As of December 31, 1995 the loan guarantee was reduced by $7,000 to $14,000. The reduction in the loan guarantee negatively impacted the business operation. The co-op management revised its business plan and on March 19, 1996 the Board approved a re-instatement to the loan guarantee of $7,000, effective April 1, 1996, bringing the loan guarantee to $21,000. Under the revised repayment schedule, the guarantee shall reduce annually by $3,500 with the first reduction to take effect on March 31, 1997, and annually thereafter until the guarantee has been reduced to zero.

Assiniboine Credit Union and Neechi Foods Co-op Ltd accepted the changes to the loan guarantee on May 16, 1996.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2001

3. Loan Guarantees (Continued)

b) Gladstone, Austin Natural Gas Co-op Ltd.
On April 10, 1995, the Board approved a ten-year loan guarantee for Gladstone, Austin Natural Gas Co-op Ltd. to a maximum of $500,000 and a line of credit guarantee of $50,000. Beginning in year six, the loan guarantee will be reduced by $100,000 per year until year ten when the guarantee terminates. The line of credit guarantee will terminate in two years, if the Co-op is in a positive cash position. If the Co-op is not in a positive cash position, the guarantee will remain in effect for an additional two years. The guarantee will not be in effect for more than four years. The loan guarantees were accepted by the Austin Credit Union Ltd and the Gladstone, Austin Natural Gas Co-op Ltd. on May 16, 1996.

On March 15, 1999, the Board approved an amendment to the line of credit guarantee from $50,000 to $100,000 effective March 31, 1999 until December 31, 2004. The amendment is conditional on the Austin Credit Union maintaining the authorized line of credit at a minimum of $300,000 during the period the loan guarantee is in place.

On September 27, 2000, the Board approved deferring the $100,000 reduction in the loan guarantee for a period which is the earlier of: a) the date in which principal payments recommence, or b) May 2002.

c) Ostrich Products and Marketing Co-op Ltd.
On February 13, 1998, the Board approved an offer of a five-year loan guarantee for Ostrich Products and Marketing Co-op Ltd. of $75,000. The $75,000 loan guarantee will be reduced by $15,000 per year, beginning March 1, 1999.

The Canadian Imperial Bank of Commerce (CIBC) and Ostrich Products and Marketing Co-op Ltd. accepted the loan guarantees, on April 9, 1998.

On July 3, 2001, the CIBC notified the Board, that Ostrich Products and Marketing Co-op Ltd. has defaulted on the loan and are discontinuing operations. The loan guarantee has an outstanding balance of $30,000. The Department of Industry, Trade and Mines is responsible for any demanded payments pursuant to the loan guarantee to a maximum of $30,000.

Notes to the Schedule
for the year ended March 31, 2001

3. Loan Guarantees (Continued)

d) United Messenger Co-op Ltd.
On March 25, 1997, the Board approved an offer of a five-year loan guarantee for United Messenger Co-op Ltd. of $100,000 and a one-year line of credit guarantee of $50,000. The $100,000 loan guarantee will be reduced by $20,000 per year, beginning May 12, 1998. The Assiniboine Credit Union and the United Messenger Co-op Ltd. accepted the loan guarantees, on May 7, 1997.

On January 14, 1998, the Board reinstated and increased the one-year line of credit guarantee from $50,000 to $70,000 as of May 7, 1998. The $20,000 increase is offset by the $20,000 reduction from the five-year term loan guarantee.

On March 15, 1999, The Board reinstated the one-year line of credit guarantee at $70,000 as of May 7, 1999.

e) SMW Workers Co-op Ltd.
On March 15, 1999, the Board approved an offer of a ten-year loan guarantee for SMW Workers Co-op Ltd. of $120,000. The loan guarantee will be reduced by $12,000 per year, beginning on July 31, 2000. The Assiniboine Credit Union Limited and the SMW Workers Co-op Ltd. accepted the loan guarantee, in July 1999.

f) Physique Plus Fitness Co-op Inc.
On July 25, 2000, the Board approved a loan guarantee for Physique Plus Fitness Co-op Inc. in the amount of $8,000. The Caisse Populaire Provencher Ltee accepted the loan guarantee and signed an agreement with Physical Plus Fitness Co-op Inc. on February 19, 2001. The guarantee shall reduce by $2,000 on each anniversary of the advance date, March 12, 2001.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2001

4. Loan Act Authority

The Government of the Province of Manitoba has authorized the following amounts to be expended for funding loans and loan guarantees:

Authority	Outstanding Expenditure Authority
The Loan Act, 2000	
Guarantees	$3,500,000
Less: Amounts committed by the Board	789,500
	$2,710,500

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2001, the General Account statement of revenue and expenditure and retained earnings and the Commercial Fishing Account statement of revenue, expenditure and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with accounting policies stated in note 2 to the financial statements.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 18, 2001

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
General Account		
Current Assets		
Cash	$ 31,205	$ 38,117
Prepaid Membership Fees	—	615
Term Deposits (Note 3)	245,567	235,242
Accrued Interest Receivable	12,362	10,772
Total Current Assets	289,134	284,746
Investments (Note 5)	101,974	101,448
Total General Account	391,108	386,194
Commercial Fishing Account		
Current Assets		
Cash	—	28,862
Term Deposits (Note 4)	56,599	26,418
Accrued Interest Receivable	1,231	533
Total Current Assets	57,830	55,813
Investments (Note 6)	140	40
Total Commercial Fishing Account	57,970	55,853
Total Assets	$ 449,078	$ 442,047

LIABILITIES AND EQUITY

	2001	2000
Liabilities		
Accounts Payable – General Account	$ 1,816	$ 1,415
Equity		
Contributed Capital - General Account (Note 1)	128,800	128,800
Retained Earnings – General Account	260,492	255,979
Retained Earnings - Commercial Fishing Account (Note 7)	57,970	55,853
	447,262	440,632
Total Liabilities and Equity	$ 449,078	$ 442,047

APPROVED BY THE BOARD:

Chairperson

Secretary

The Cooperative Promotion Board

General Account
Statement of Revenue and Expenditure and Retained Earnings
for the year ended March 31, 2001

	2001	2000
Revenue		
Interest	$ 18,542	$ 16,076
Dividend	607	477
Total Revenue	19,149	16,553
Expenditure		
Grants, (Schedule 1)	11,300	17,525
General and administrative		
Annual report	247	338
Audit fee	1,170	900
Board members' remuneration	280	440
Board members' meals and travel	436	397
Membership Fee	615	597
Office	588	446
	3,336	3,118
Total Expenditure	14,636	20,643
Excess of Revenue over (under) Expenditure	4,513	(4,090)
Retained Earnings, beginning of year	255,979	260,069
Retained Earnings, end of year	$ 260,492	$ 255,979

The Cooperative Promotion Board

Commercial Fishing Account
Statement of Revenue and Expenditure and Retained Earnings
for the year ended March 31, 2001

	2001	2000
Revenue		
Interest	$ 2,018	$ 1,454
Dividend	100	—
Total Revenue	2,118	1,454
Expenditure		
Bank Charges	1	—
Total Expenditure	1	—
Excess of Revenue over Expenditure	2,117	1,454
Retained Earnings, beginning of year	55,853	54,399
Retained Earnings, end of year	$ 57,970	$ 55,853

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2001

1. Nature and Objectives of the Board

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act, which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when The Cooperative Promotion Trust Act came into force.

General Account

The General Account funds controlled by the Board consist of surplus funds of the original Canadian Wheat Board apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when the Cooperative Promotion Trust Act came into force and assets acquired by the Board.

The objectives of the Board with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. As of March 31, 2001, no activity has taken place.

2. Accounting Policies

a) These financial statements are prepared in accordance with the accrual basis of accounting except for grants which are recorded as expenditure when paid.

b) Discounts on investments are amortized on a straight-line basis over the life of the investments.

c) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services cannot be reasonably estimated and is therefore not included in the financial statements.

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2001

3. Term Deposits, General Account

	2001	2000
Me-Dian Credit Union Of Manitoba Limited		
5.40% due on May 29, 2001	$ 124,822	—
4.20% due on May 29, 2000	—	$ 119,791
La Caisse Populaire de Saint Boniface Limitee		
4.40% due on June 21, 2001	55,294	—
4.80% due on December 23, 2001	33,451	—
3.60% due on June 15, 2000	—	50,000
4.40% due on December 23, 2000	—	33,451
Province of Manitoba		
4.40% due on June 26, 2001	32,000	—
5.35% due on June 27, 2000	—	32,000
	$ 245,567	$ 235,242

4. Term Deposits, Commercial Fishing Account

	2001	2000
Buffalo Credit Union		
5.70% (Redeemable) due on October 31, 2001	$ 56,599	—
4.85%(Redeemable) due on October 31, 2000	—	$ 26,418
	$ 56,599	$ 26,418

F3

5. Investments, General Account

	2001	2000
Me-Dian Credit Union of Manitoba Ltd. - Share at Cost	$ 5	$ 5
Me-Dian Credit Union of Manitoba Ltd. - Surplus Shares	506	183
La Caisse Populaire de Saint-Boniface Limitee	219	133
Cambrian Credit Union - Surplus Shares	244	127
Cambrian Credit Union - 6.0% due on April 27, 2003	101,000	101,000
	$ 101,974	$ 101,448

6. Investments, Commercial Fishing Account

	2001	2000
Buffalo Credit Union - Share at Cost	$ 140	$ 40

7. Retained Earnings, Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2001 is $ 57,970 (2000 - $ 55,853).

8. Statement of Cash Flows

A statement of cash flows has not been presented in these financial statements, as no additional information would be provided by its inclusion.

Schedule Of Grants
for the year ended March 31, 2001

	2001	2000
Assiniboia Group of Artists Cooperative Inc.	$ 1,500	$ —
Axiome Coaching Group	—	3,000
Bayan Printing Worker Cooperative Ltd	1,000	—
Dew-Drop-In Artisans' Co-op Inc.	—	1,400
Homeworks Cooperative Manitoba Inc.	—	5,000
Interlake Natural Gas Co-op Ltd.	—	1,000
Tully, Lisa (ICA Congress General Assembly/Youth Program)	—	1,125
Manitoba Canola Growers Association	—	1,000
Manitoba Cooperative Council Inc.	4,750	3,500
PeaCan Meal Producers Cooperative Ltd.	2,050	—
Physique Plus Fitness Co-op Inc.	1,000	—
Southwest Fibre Co-op Ltd.	—	1,500
Steinbach Fitness Co-op Inc.	1,000	—
	$ 11,300	$ 17,525

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To The Council on Post-Secondary Education

We have audited the balance sheet of The Council on Post-Secondary Education as at March 31, 2001 and the statements of revenues and expenditures for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Council on Post-Secondary Education as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
August 20, 2001

THE COUNCIL ON POST-SECONDARY EDUCATION

Balance Sheet
As at March 31, 2001
(with March 31, 2000 figures for comparison)

	2001	2000
ASSETS		
Current assets:		
Cash on hand and in bank	$ 741,177	$ 392,386
Accounts receivable	45,210	111,367
	786,387	503,753
Long-term funding commitments - Province of Manitoba (note 3)	853,669	782,358
	$ 1,640,056	$ 1,286,111
LIABILITIES		
Current liabilities:		
Accounts payable & accrued liabilities	$ 124,731	$ 103,621
Grants payable	339,391	-
Other payables	-	81,073
	464,122	184,694
Long-term liabilities:		
Provision for employee severance benefits	133,937	124,019
Provision for employer's share of employees' pension benefits (note 4)	749,528	678,217
	883,465	802,236
Total liabilities	1,347,587	986,930
Post-Secondary Grants Fund:		
Balance, beginning of year	299,181	397,777
Revenue over (under) expenditures	557	(98,596)
Revenue (under) expenditures - CEI	(7,269)	-
Balance, end of year	292,469	299,181
	$ 1,640,056	$ 1,286,111

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Revenues and Expenditures
For the year ended March 31, 2001
(with March 31, 2000 figures for comparison)

	2001	2000
Revenues:		
Province of Manitoba grants:		
Department of Advanced Education	$ 354,666,302	$ 299,806,687
Interest Income	36,950	35,430
Total revenues	354,703,252	299,842,117
Expenditures:		
Operating grants	293,812,300	278,462,899
Colleges Growth Plan	-	3,946,600
Support programs	2,112,945	2,083,267
Post-Secondary Strategic Initiatives grants	1,090,200	1,299,950
Equipment & Renovations grants	7,745,600	6,245,600
Major Capital grants	34,940,000	6,940,000
Access grants	5,093,500	-
Tuition Rebate grants	8,900,000	-
Prior Learning Assessment Centre	75,000	-
Administrative and other, Schedule 1	933,150	962,397
Total expenditures	354,702,695	299,940,713
Revenues over (under) expenditures	$ 557	$ (98,596)

Schedule 1

THE COUNCIL ON POST-SECONDARY EDUCATION

Schedule of Administrative and Other Expenditures for the year ended March 31, 2001 (with March 31, 2000 figures for comparison)

	2001	2000
Automobile and travelling	$ 41,917	$ 31,479
Computer operating and lease costs	44,909	45,884
Course and membership fees	4,197	4,658
Furniture and equipment	15,091	8,724
Meetings – Council	7,359	4,056
Miscellaneous Grants	102,500	24,500
Office rental	34,603	77,731
Postage and telephone	13,377	13,300
Printing and stationery supplies	8,261	7,744
Professional fees	13,116	16,705
Remuneration of Council members	18,300	15,600
Repairs & maintenance	204	187
Salaries and employee benefits	601,295	642,907
Subscriptions and books	5,959	2,820
Sundry	12,062	28,686
University Infrastructure Analysis	10,000	37,416
Total administrative & other expenditures	$ 933,150	$ 962,397

College Expansion Initiative (CEI)
Statement of Revenues and Expenditures (Note 5)
for the year ended March 31, 2001

	2001
Revenues:	
Province of Manitoba grants:	
Department of Advanced Education	$ 5,100,406
Other revenue	20,175
Total revenues	5,120,581
Expenditures:	
College Expansion Initiative grants	4,856,000
Administrative and other, Schedule 2	271,850
Total expenditures	5,127,850
Revenues (under) expenditures	$ (7,269)

Schedule 2

THE COUNCIL ON POST-SECONDARY EDUCATION

College Expansion Initiative (CEI)
Schedule of Administrative and Other Expenditures (Note 5)
for the year ended March 31, 2001

		2001
Automobile and travelling	$	3,106
Computer operating and lease costs		6,720
Consultation - Winnipeg		38,926
Course and membership fees		25
Furniture and equipment		4,898
Office rental		11,330
Postage and telephone		3,145
Printing and stationery supplies		2,108
Salaries and employee benefits		188,155
Sundry		13,437
Total administrative and other expenditures	$	271,850

Notes to Financial Statements
for the year ended March 31, 2001

1. Nature of Operations

The Council on Post-Secondary Education was established by an Act of the Legislature passed in 1997 and is composed of 11 members appointed by the Lieutenant-Governor-in-Council.

The Universities Grants Commission Act was repealed effective April 28, 1997 by the Council on Post-Secondary Education Act.

The Council on Post-Secondary Education Act provided that the University Grants Fund be continued as the Post-Secondary Grants Fund. All assets and liabilities of the Universities Grants Commission were transferred to the Council on Post-Secondary Education.

Primarily, the Council on Post-Secondary Education provides funding to Manitoba's universities and community colleges for approved programs and capital projects from funds received from the Province of Manitoba.

In 2000/01, responsibility for administering the Access programs was transferred to the Council on Post-Secondary Education. Prior year funding is not reflected in the Financial Statements.

2. Significant Accounting Policies

A. Basis of Accounting

The Council on Post-Secondary Education's annual financial statements are prepared in accordance with Canadian generally accepted accounting principles except for furniture, fixtures and equipment purchases which are charged to expenditures in the year of acquisition.

B. Grant Expenditures

Operating, equipment and renovations, tuition rebate, Access, and strategic initiatives grants reflect expenditures to Manitoba universities and community colleges for annual operations. These grants are funded on the basis of scheduled payments to meet the operating requirements of the universities and community colleges. Operating grants are also provided to private religious colleges and to the Winnipeg Technical College.

Major capital grants based on shared cost agreements are funded on a reimbursement basis. The university must first incur eligible costs as defined in the terms of the agreement, which the Council then reimburses.

Major capital grants to universities that are discretionary grants are funded when the university has met the eligibility criteria and fulfilled the conditions set out by the Council.

C. Revenue Recognition

Revenue is recognized as funds are drawn from Province of Manitoba appropriations.

D. Vacation and Severance Benefits

Employees of the Council are entitled to vacation and severance benefits in accordance with the terms of the collective agreement. The liability for vacation and severance benefits is recorded based on the Council's best estimates.

E. Employer's Share of Employees' Pension Benefits

Employees of the Council are pensionable under the Civil Service Superannuation Act. The Council accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial report.

3. Long-term funding commitments – Province of Manitoba

The long-term funding commitments from the Province of Manitoba are for severance entitlements earned by the employees as at March 31, 1998 in the amount of $104,141 and for the employer's share of employees' pension benefits as at March 31, 2001 in the amount of $749,528 (2000, $678,217).

4. Provision for Employer's Share of Employees' Pension Benefits

	2001	2000
Balance at beginning of year	$ 678,217	$ 710,881
Experience gain	-	(86,792)
Benefits accrued	50,920	37,525
Interest accrued on benefits	52,306	47,781
Benefits paid	(31,915)	(31,178)
Balance at end of year	$ 749,528	$ 678,217

An actuarial valuation of the pension obligations as at December 31, 1998 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (1995 – 7.5%), 3% inflation (1995 – 3.75%), salary rate increases of 4.5% (1995 – 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to March 31, 2001 using a formula provided by the actuary.

5. College Expansion Initiative

In 2000/01, the College Expansion Initiative was implemented with a complement of three staff and separate funding. The Initiative's objective is to increase enrollment in diploma and certificate programs at Manitoba's community colleges. For financial reporting purposes, a separate Statement of Operating Revenue and Expenditures for the Initiative has been prepared.

6. Change in Accounting Policy

During the year, the Council changed its accounting policy regarding major capital grant expenditures. The revised policy reflects the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

As a result, the Council funds and expenses discretionary grants when the university has met the terms and conditions set out by the Council for the grants.

The effect of the change in accounting policy on the current year's operations is to expense $28 million in grants, which according to the former accounting policy would have been deferred. Accordingly, the current year's balance of the Post-Secondary Grants Fund decreases $28 million.

There is no effect on grant expense or the balance of the Post-Secondary Grants Fund, as previously reported, for the year ended March 31, 2000.

7. Economic Dependence

The Council is economically dependent on the Province of Manitoba for its funding.

8. Cash Flows Statement

The financial statements of the Council do not include a Statement of Cash Flows. In the opinion of management, a Statement of Cash Flows would not provide significant additional disclosure.

9. Related party transactions

In addition to those related transactions disclosed elsewhere in these financial statements, the Council on Post-Secondary Education is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Council on Post-Secondary Education enters into transactions with these entities in the normal course of business.

10. Commitments

The Council on Post-Secondary Education has approved funding as listed below:

	Approved	Expended	Outstanding Commitments
Operating:			
Collège universitaire de Saint-Boniface			
Canada-Man. Subsidiary Agreement	$ 6,000,000	$ 3,204,900	$ 2,795,100
Capital:			
Collège universitaire de Saint-Boniface			
Student Centre	1,920,000	960,000	960,000
University of Manitoba			
Capital Campaign	40,000,000	8,000,000	32,000,000
Chiller System – Fort Garry Campus	19,000,000	6,394,000	12,606,000
Chiller System – Bannatyne Campus	955,000	-	955,000
Total	$ 67,875,000	$ 18,558,900	$ 49,316,100

Future funding commitments were also approved for the following new programs:

College Expansion Initiative	$ 1,735,800
System Restructuring Initiative	372,600
Computer Science – University of Manitoba	1,636,000
Total	$ 3,744,400

11. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Auditors' Report

To the Members of
Crown Corporations Council

We have audited the balance sheet of **Crown Corporations Council** as at December 31, 2000 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Winnipeg, Canada
February 23, 2001.

Crown Corporations Council

BALANCE SHEET

	December 31 2000	 1999
	(thousands of dollars)	
ASSETS		
Current:		
Cash	$497	$312
Accounts receivable	5	13
	502	325
Capital assets (note 4)	19	35
	$521	$360

LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	2000	1999
Current:		
Accounts payable and accrued liabilities	$ 52	$ 44
Levies received in advance	177	148
Due to Manitoba Crown corporations (note 3)	273	133
	502	325
Reserve reflecting net investment in capital assets	19	35
	$521	$360

Approved by the Board

Chairman Director

(see accompanying notes)

Crown Corporations Council

STATEMENT OF INCOME AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	Year Ended December 31 2000	 1999
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	$591	$650
Interest	16	9
	607	659
Expenses		
Salaries and benefits	$409	$472
Board remuneration and expenses	67	73
Rent	62	56
Depreciation	18	18
Office supplies and printing	17	16
Professional fees	9	11
Corporate governance conference	9	0
Automobile expense	7	6
Telephone and courier	6	8
Travel	6	7
Equipment rental and maintenance	6	5
Moving expenses	4	0
Professional development	2	4
Insurance and miscellaneous	1	1
	623	677
Excess of expenses over income	$ (16)	$ (18)
Reserve reflecting net investment in capital assets, beginning of year	35	53
Reserve reflecting net investment in capital assets, end of year	$ 19	$ 35

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

1. Nature of organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under The Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. Significant accounting policies

a) Recoveries of expenses from Crown corporations through levies

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred.

b) Reserve reflecting the net investment in capital assets

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's capital assets.

c) Capital assets

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

d) Retirement allowances

Retirement allowances are provided to certain qualifying employees. The costs of benefits earned by employees are charged to expenses as services are rendered. The cost reflects management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, the actuarial present value of the accrued entitlement as at January 1, 2000 is being amortized to income on a straight-line basis over the expected average remaining service life of the employee group.

3. **Due to Manitoba Crown corporations**

These amounts represent a retroactive adjustment to levies based on Council's actual expenses.

4. **Capital assets**

These are comprised entirely of office furniture and equipment and computer equipment:

	December 31 2000	 1999
	(in thousands of dollars)	
Cost		
Office furniture and equipment	$ 52	$ 58
Computer equipment	55	81
	$107	$139
Accumulated depreciation		
Office furniture and equipment	50	58
Computer equipment	38	46
	88	104
Net book value	$ 19	$ 35

5. **Pension costs and obligations**

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund.

6. **Lease commitments**

The Council is committed under a premises lease expiring on April 30, 2005 to annual basic rental payments of approximately $32,400 and annual common area and operating costs of approximately $26,300.

7. **Statement of cash flows**

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

KPMG LLP
Chartered Accountants
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Canada

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AUDITORS' REPORT

To the Directors of Deer Lodge Centre Inc.

We have audited the statement of financial position of Deer Lodge Centre Inc. as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 17, 2001

DEER LODGE CENTRE INC.

Statement of Financial Position

March 31, 2001, with comparative figures for 2000

Assets

	2001	2000
Current assets:		
Cash	$ 657,009	$ –
Short-term investments	1,859,166	1,203,276
Cash and short-term investments held in trust	263,665	210,006
Accounts receivable	611,654	445,673
Receivable from Winnipeg Regional Health Authority (note 2)	1,293,348	3,400,737
Inventory	363,154	313,396
Prepaid expenses	454,188	381,942
	5,502,184	5,955,030
Deferred benefit costs	3,462,438	2,516,885
Capital assets (note 3)	5,727,516	6,127,158
	$ 14,692,138	$ 14,599,073

Liabilities, Deferred Contributions and Fund Balances

	2001	2000
Current liabilities:		
Operating line of credit	$ –	$ 467,247
Accounts payable and accrued liabilities	2,894,713	2,706,587
Payable to Manitoba Health (note 2)	11,783	395,190
Trust liability	263,665	210,006
Current portion of long-term debt (note 6)	330,042	327,810
	3,500,203	4,106,840
Benefit costs payable	3,462,438	2,516,885
Long-term debt (note 6)	1,908,721	2,238,775
	8,871,362	8,862,500
Deferred contributions (note 4):		
Related to capital assets	3,593,701	3,694,658
Related to expenses of future periods	193,028	129,307
	3,786,729	3,823,965
Fund balances:		
Unrestricted	1,309,936	1,176,918
Invested in capital assets (note 5)	535,116	569,763
Internally restricted	188,995	165,927
	2,034,047	1,912,608
Commitment (note 10)		
	$ 14,692,138	$ 14,599,073

See accompanying notes to financial statements.

On behalf of the Board:

G. Todd Director

Director

DEER LODGE CENTRE INC.

Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	Operating	Invested in capital assets	Internally restricted	2001 Total	2000 Total
Revenue:					
Patient and resident services (note 7):					
Government funding	$ 33,878,113	$ –	$ –	$ 33,878,113	$ 32,666,419
Patient and resident	3,194,741	–	–	3,194,741	3,231,042
	37,072,854	–	–	37,072,854	35,897,461
Other revenue:					
Investment	28,107	–	12,697	40,804	32,810
Donations, grants and fundraising	–	–	38,125	38,125	25,446
Deferred contributions	–	643,893	57,727	701,620	651,005
Program recoveries	235,240	–	–	235,240	428,639
Ancillary	1,906,761	–	–	1,906,761	1,566,780
	2,170,108	643,893	108,549	2,922,550	2,704,680
	39,242,962	643,893	108,549	39,995,404	38,602,141
Expenses:					
Salaries and wages	25,303,668	–	–	25,303,668	24,770,940
Employee benefits	3,297,310	–	–	3,297,310	3,217,404
Health and education levy	546,226	–	–	546,226	521,481
Printing, stationery and office	105,273	–	25	105,298	102,278
Housekeeping, laundry and linen	462,215	–	–	462,215	486,934
Utilities	984,140	–	–	984,140	710,888
Food and dietary supplies	128,968	–	–	128,968	136,376
Medical and surgical	258,533	–	–	258,533	241,440
Drugs, oxygen and pharmacy supplies	721,754	–	–	721,754	713,234
Diagnostic and miscellaneous	91,661	–	21,416	113,077	99,093
Sundry	748,234	–	140	748,374	731,071
Interest on long-term debt	150,276	–	–	150,276	153,902
Equipment	311,513	–	–	311,513	485,911
Referred out services	3,874,151	–	–	3,874,151	3,505,506
Buildings and grounds maintenance	449,983	–	–	449,983	511,788
Amortization	–	661,861	71,893	733,754	680,934
Ancillary	1,675,186	–	–	1,675,186	1,459,192
	39,109,091	661,861	93,474	39,864,426	38,528,372
Excess (deficiency) of revenue over expenses for the year	133,871	(17,968)	15,075	130,978	73,769
Funding of prior year deficits	(9,539)	–	–	(9,539)	1,743,714
Excess (deficiency) of revenue over expenses	$ 124,332	$ (17,968)	$ 15,075	$ 121,439	$ 1,817,483

See accompanying notes to financial statements.

DEER LODGE CENTRE INC.

Statement of Changes in Fund Balances

Year ended March 31, 2001, with comparative figures for 2000

	Unrestricted	Invested in capital assets	Internally restricted	2001 Total	2000 Total
Balance, beginning of year	$ 1,176,918	$ 569,763	$ 165,927	$ 1,912,608	$ 95,125
Excess (deficiency) of revenue over expenses	124,332	(17,968)	15,075	121,439	1,817,483
Transfers - capital asset purchases	(7,924)	14,097	(6,173)	-	-
Transfers - amortization of capital assets	16,610	(30,776)	14,166	-	-
Balance, end of year	$ 1,309,936	$ 535,116	$ 188,995	$ 2,034,047	$ 1,912,608

See accompanying notes to financial statements.

DEER LODGE CENTRE INC.

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 121,439	$ 1,817,483
Items not involving cash:		
Amortization of capital assets	773,734	722,151
Amortization of deferred contributions related to capital assets	(701,620)	(651,005)
Change in non-cash working capital:		
Accounts receivable	(165,981)	78,271
Receivable from Winnipeg Regional Health Authority	2,107,389	(2,780,467)
Inventory	(49,758)	(32,555)
Prepaid expenses	(72,246)	(95,427)
Accounts payable and accrued liabilities	188,126	(501,663)
Payable to Manitoba Health	(383,407)	(63,105)
Related to expenses of future periods	63,721	35,000
	1,881,397	(1,471,317)
Financing activities:		
Repayment of long-term debt	(327,825)	(325,687)
Investing activities:		
Increase in deferred contributions related to capital assets	600,663	1,343,149
Capital assets acquired	(374,089)	(902,901)
	226,574	440,248
Increase (decrease) in cash position	1,780,146	(1,356,756)
Cash position, beginning of year	736,029	2,092,785
Cash position, end of year	$ 2,516,175	$ 736,029
Cash position consists of the following:		
Cash (operating line of credit)	$ 657,009	$ (467,247)
Short-term investments	1,859,166	1,203,276
	$ 2,516,175	$ 736,029
Supplementary cash flow information:		
Interest received	$ 177,421	$ 71,251
Interest paid	149,215	153,902

See accompanying notes to financial statements.

Status and nature of the corporation:

Deer Lodge Centre Inc. (the "Centre") provides health care and treatment to residents of Manitoba through the operation of a health centre. It was incorporated under the *Corporations Act (Manitoba)* on March 7, 1983 as a corporation without share capital.

The land, buildings, equipment and certain supplies of the former Deer Lodge Hospital were acquired from the Government of Canada by Manitoba Health, effective April 1, 1983. The Centre acquired the buildings, equipment and supplies from Manitoba Health on March 7, 1985 for the nominal amount of one dollar.

Under the terms of an agreement between the Government of Canada, Department of Veterans Affairs ("VAC") and Manitoba Health, VAC has the right of priority use of 155 beds in the Centre for veterans. VAC's responsibility for the costs pertaining to the 155 beds is declining by 20% annually beginning April 1, 1998 and ending March 31, 2002. Manitoba Health is responsible to provide the Centre with equivalent offsetting revenue in each year.

1. Significant accounting policies:

(a) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue in the year that it is earned.

1. Significant accounting policies (continued):

(b) Annual operating results:

In accordance with Winnipeg Regional Health Authority and Manitoba Health (the "funding agencies") policies, annual operating results are settled with the funding agencies. Annual operating deficits are subject to audit by the funding agencies which may result in a settlement in future period. Amounts owing to (recoverable from) the Winnipeg Regional Health Authority/Manitoba Health arising as a result of these audits are recorded in the year of the audit. Surpluses are retainable at 50% of the surplus to a maximum of 1% of the current year operating expenses. The repayable portion of the surplus is charged against income. Payments received from VAC on account of previous years surpluses or deficits are recorded as adjustments to the amount recoverable/payable from/to the funding agencies.

Final settlements have not been determined for the three years ending March 31, 2001.

(c) Short-term investments:

Short-term investments are recorded at cost plus accrued interest, which approximates fair value. If the market value of these investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

(d) Inventory:

Inventory is valued at the lower of average cost and net realizable value.

(e) Deferred benefit costs:

Effective April 1, 2000, the Corporation adopted the new CICA recommendations on accounting for Employee Future Benefits. Under the new recommendations, the cost of the Corporation's pre-retirement benefits is accrued as earned based on actuarial valuations.

The cost for vacation benefits is accrued when the benefit is earned by employees.

The related expenses for each are deferred and charged against income when received from the Winnipeg Regional Health Authority.

1. **Significant accounting policies (continued):**

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Centre's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Assets	Rate
Building	5 - 10%
Equipment	10% - 20%

(g) Investment earnings:

(i) Investment earnings are retainable by the Centre and are not considered in the insured services program revenue.

(ii) Investment earnings are allocated to the specific Fund where the principal amounts originated or as specified by the contributor of the invested amounts.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these contributed services are not recognized in the financial statements.

(i) Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

Economic Innovation and Technology Council
Balance Sheet

Exhibit A

March 31

	2001	2000
Assets		
Current		
Petty cash	$ 400	$ 400
Funds on deposit with Minister of Finance		
Cash	326,818	8,881
Term deposits (and accrued interest)	517,994	488,356
Accounts receivable		
Province of Manitoba	11,712	895,699
Other	80	23,578
Notes receivable (Note 3)	103,067	103,067
Prepaid expenses	8,001	8,978
	968,072	1,528,959
Notes receivable (Note 3)	228,066	331,133
Investment in Manitoba Technology Centre Ltd. (Note 4)	1	1
Capital assets (Note 5)	22,643	18,204
	$ 1,218,782	$ 1,878,297
Liabilities		
Current		
Accounts payable and accrued liabilities		
Province of Manitoba	$ 6,000	$ 6,000
Other	139,246	878,065
	145,246	884,065
Equity		
Funds retained (Exhibit B)	1,073,536	994,232
	$ 1,218,782	$ 1,878,297

See accompanying notes to the financial statements.

DEER LODGE CENTRE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2001

2. Receivable from (payable to) health authorities:

	2001	2000
Receivable from Winnipeg Regional Health Authority is comprised of:		
Education subsidies	$ 8,955	$ –
Roam Alert financing	85,473	104,157
Meridian Phone System financing	53,742	97,380
Equipment funding receivable	910	97,106
Out of Globe and other Winnipeg Regional Health Authority commitments:		
1998/1999	605,837	605,837
1999/2000	311,327	2,496,257
2000/2001	227,104	–
	$ 1,293,348	$ 3,400,737
Payable to Manitoba Health is comprised of:		
1997/98 operating results	$ –	$ (384,093)
Separately financed programs	(11,783)	(11,097)
	$ (11,783)	$ (395,190)

3. Capital assets:

			2001	2000
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 60,000	$ –	$ 60,000	$ 60,000
Building	4,687,394	1,158,286	3,529,108	3,754,364
Equipment	4,359,455	2,221,047	2,138,408	2,312,794
	$ 9,106,849	$ 3,379,333	$ 5,727,516	$ 6,127,158

4. Deferred contributions:

(a) Capital assets:

Deferred contributions related to capital assets represents the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2001	2000
Balance, beginning of year	$ 3,694,658	$ 3,002,514
Additional contributions received	600,663	1,343,149
Less amounts amortized to revenue	(701,620)	(651,005)
Balance, end of year	$ 3,593,701	$ 3,694,658

The balance of unamortized capital contributions related to capital assets consists of the following:

	2001	2000
Unamortized capital contributions used to purchase assets	$ 2,959,251	$ 2,996,424
Unspent contributions	634,450	698,234
	$ 3,593,701	$ 3,694,658

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

	2001	2000
Balance, beginning of year	$ 129,307	$ 94,307
Add receipts for Learning Resource Centre	63,721	35,000
Balance, end of year	$ 193,028	$ 129,307

5. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2001	2000
Capital assets	$ 5,727,516	$ 6,127,158
Amounts financed by deferred contributions	(2,959,251)	(2,996,424)
Amounts financed by loans	(2,238,763)	(2,566,585)
Unspent proceeds on disposal of capital assets	5,614	5,614
Net assets invested in capital	$ 535,116	$ 569,763

6. Long-term debt:

	2001	2000
Roam Alert		
Loan repayable at $1,556 per month plus interest as determined annually by Manitoba Health. Authorized and secured by a letter of comfort from Manitoba Health	$ 85,473	$ 104,157
7th Floor Personal Care Unit		
Canadian Imperial Bank of Commerce Banker's Acceptances, supported by a specific borrowing resolution incorporating an assignment of monies payable by the Governments of Canada or Manitoba:		
Interest at 6.04%, maturing June 20, 2000	–	1,200,000
Interest at 5.85%, maturing May 8, 2000	–	1,100,000
Interest at 5.65%, maturing June 1, 2001	2,000,000	–
Canadian Imperial Bank of Commerce demand loan, interest at 6.5%	99,549	65,048
Repayments of $22,125 per month plus interest are being made on the Canadian Imperial Bank of Commerce loans. Authorized and secured by a letter of comfort from Manitoba Health.		
Meridian Phone System		
Loan repayable at $3,960 per month including interest as determined annually by Manitoba Health. Authorized and secured by letter of comfort from Manitoba Health	53,741	97,380
	2,238,763	2,566,585
Current portion of long-term debt due within one year	330,042	327,810
	$ 1,908,721	$ 2,238,775

DEER LODGE CENTRE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2001

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6. Long-term debt (continued):

Principal payments scheduled over the next five years assuming that the Canadian Imperial Bank of Commerce loans are refinanced on the same terms and conditions, are as follows:

2002	$ 330,042
2003	292,042
2004	284,172
2005	284,172
2006	284,172
Thereafter	764,163
	$ 2,238,763

7. Patient and resident services:

Patient and resident services revenue is comprised of:

	2001	2000
Government funding:		
Winnipeg Regional Health Authority		
Patient care	$ 30,294,281	$ 27,369,762
Radiology	15,229	15,357
Adult Day Care	150,851	153,954
Government of Canada:		
Residents	3,417,752	5,127,346
	33,878,113	32,666,419
Patient and resident:		
Residential charges	3,184,739	3,221,085
Adult Day Care	10,002	9,957
	3,194,741	3,231,042
	$ 37,072,854	$ 35,897,461

8. Pension plans:

Employees of the Centre participate in either the Government of Canada Superannuation Plan or the Healthcare Employees Pension Plan - Manitoba. The employees and the Centre make contributions at prescribed rates. Any additional employer contributions required to be made to the Government of Canada Superannuation Plan will be the responsibility of the Government of Canada. The Centre's liability under these pension plans is limited to the contributions required during the year under the respective agreements.

8. Pension plans (continued):

During the year the Centre contributed approximately $1,178,096 to the plans (2000 - $1,116,000).

9. Related parties:

(a) Deer Lodge Foundation for Geriatrics Inc.:

The Deer Lodge Foundation for Geriatrics Inc. (the "Foundation") was incorporated on January 22, 1990 for the purpose of supporting activities of the Centre that are not normally subject to government funding. During the year the Centre received the following from the Foundation:

	2001	2000
Collaborative Research Unit	$ 20,537	$ –
Life and Learning Centre	63,721	35,000
Interdisciplinary Summer Research Program	29,000	45,500
J.W. Crane Memorial Library	200,000	200,000
Other designated equipment	–	12,200
Sara Lift Project	–	17,191
	$ 313,258	$ 309,891

(b) Auxiliary of Deer Lodge Centre:

The Auxiliary of Deer Lodge Centre is an independent organization whose primary purpose is to raise funds and assist with projects which support the mission and philosophy of the Centre to provide enrichment to the quality of life for patients and residents. During the year, the Centre received grants for equipment purchases totalling $22,735 (2000 - $26,825) from the Auxiliary.

10. Commitment:

Under the terms of an agreement with the Urban Shared Services Corporation, the Centre is committed to acquiring its total requirement for patient food services and related management services through the regional distribution facility (RDF) of Urban Shared Services Corporation. The commitment is for a period of 20 years effective from September 1, 1998.

As of April 1, 2000 the ownership of the Urban Shared Services Corporation has been transferred to the Winnipeg Regional Health Authority and the name has been changed to WRHA Logistics Services.

11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2001 and the statements of revenue, expenditure and funds retained, the statement of Economic Innovation and Technology Fund revenue and grant expenditure and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 11, 2001
(except for Note 8, as to which the date is June 7, 2001)

Economic Innovation and Technology Council

Exhibit B

Statements of Revenue, Expenditure and Funds Retained

Year Ended March 31	2001	2000
Revenue		
Province of Manitoba		
Operating grant	$ 1,023,900	$ 1,023,900
Sundry	50,233	31,202
	1,074,133	1,055,102
Expenditure		
Operating expenses (Schedule 1)	994,829	1,093,821
Excess (deficiency) of revenue over expenditure from operations	79,304	(38,719)
Gain on redemption of common shares (Note 4)	-	434,175
Excess of revenue over expenditure	$ 79,304	$ 395,456
Funds retained, beginning of year	$ 994,232	$ 598,776
Excess of revenue over expenditure	79,304	395,456
Funds retained, end of year (Exhibit A)	$ 1,073,536	$ 994,232

See accompanying notes to the financial statements.

Economic Innovation and Technology Council Statement of Economic Innovation and Technology Fund Revenue and Grant Expenditure

Exhibit C

Year Ended March 31	2001	2000
Revenue - Grant from Province of Manitoba (Note 6)	$ 270,457	$ 2,968,101
Grant expenditure	270,457	2,968,101
Excess of grant revenue over expenditure/ funds retained	$ -	$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Cash Flows

Exhibit D

Year Ended March 31

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of Council operations revenue over expenditure (Exhibit B)	$ 79,304	$ 395,456
Items not involving cash		
Amortization	7,689	8,034
Gain on redemption of common shares in MTC Ltd. (Note 4)	-	(434,175)
Net changes in non-cash working capital balances		
Accounts receivable	907,485	(152,576)
Prepaid expenses	977	38,521
Accounts payable and accrued liabilities	(738,819)	279,464
Notes receivable	103,067	
Increase in cash from operations	359,703	134,724
Investments		
Acquisition of capital assets, net	(12,128)	(1,733)
Cash applied to investing activities	(12,128)	(1,733)
Net increase in cash and cash equivalents	347,575	132,991
Cash and cash equivalents, beginning of year	497,637	364,646
Cash and cash equivalents, end of year	$ 845,212	$ 497,637
Represented by:		
Cash	$ 400	$ 400
Funds on deposit with Minister of Finance		
Cash	326,818	8,881
Term deposits	517,994	488,356
	$ 845,212	$ 497,637

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Notes to the Financial Statements

March 31, 2001

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

In addition, EITC has responsibility for the operation of the Economic Innovation and Technology Fund from which EITC may provide grants, loans, loan guarantees and incentives which further EITC's economic development objectives.

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

a) Basis of Reporting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

b) Capital assets

Capital assets are recorded at cost less Government grants received and accumulated amortization. Amortization is calculated on a straight-line basis at the following annual rates:

Computer equipment	33 1/3%
Furniture and fixtures	10%
Equipment	10%

c) Cash and funds on deposit

Cash and funds on deposit include cash on hand, balances with the Minister of Finance and short term deposits with maturities of three months or less.

3. Notes receivable

The notes receivable arise from the redemption of EITC's common shares in Manitoba Technology Centre Ltd. (note 4). The notes receivable are non-interest bearing, and are payable in instalments as follows:

June 1, 2001	$ 103,067 (Note 8)
June 1, 2002	103,066
June 1, 2003	125,000

Economic Innovation and Technology Council
Notes to the Financial Statements
March 31, 2001

4. Investment in Manitoba Technology Centre Ltd.(MTC)

1 Class B Special Preferred Share, at cost	$1

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at $1.00 per share.

Effective May 31, 1999, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;
2. MTC continues to occupy premises owned by the Province of Manitoba; and
3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of $25 for $434,200.

The redemption price is being paid in instalments as disclosed in Note 3. Non-interest bearing promissory notes have been provided to EITC, and a gain on $434,175 resulting from this redemption was recorded in the year ended March 31, 2000.

---

5. Capital assets

Capital assets owned by the Economic Innovation and Technology Council are summarized as follows:

	Cost	Less Government Grants Received	Less Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Computer equipment	$ 39,811	$	$ 26,791	$ 13,020	$ 7,028
Equipment	15,524		5,901	9,623	11,176
Furniture and fixtures	32,214	32,214			
Total	$ 87,549	$ 32,214	$ 32,692	$ 22,643	$ 18,204

6. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

The Province of Manitoba provides access to a fund set aside for economic innovation initiatives. These funds are on deposit in the Fiscal Stabilization Fund and are available to fund EITC's Economic Innovation and Technology Fund. The original amount of this fund was $10,000,000. Up to March 31, 2001, $5,343,527, including $270,457 in the current year, has been expended by EITC and recovered from the Fiscal Stabilization Fund.

7. Pension plan

In accordance with the provisions of The Civil Service Superannuation Act, employees of EITC are required to contribute to the Civil Service Superannuation Fund at prescribed rates for defined benefits. EITC is required to make contributions equal to the amounts contributed to the Fund by employees. Under this Act, EITC has no further pension liability.

8. Subsequent event

Subsequent to year end, EITC received the second instalment of $103,067 from MTC.

Economic Innovation and Technology Council
Schedule of Expenses

Year Ended March 31

Schedule 1

	2001	2000
Advertising and promotion	$ 6,213	$ 17,910
Amortization	7,689	8,034
Computer	39,775	38,348
Council activities	396,444	312,940
Equipment rental and maintenance	6,978	5,562
Fees, memberships and conferences	4,003	22,528
Insurance	935	1,182
Library operations		89
Postage, delivery and telephone	14,657	19,053
Printing and stationery	6,412	7,560
Professional development	1,409	649
Professional fees	5,875	5,000
Purchased services	60,225	59,018
Rental and property tax	50,165	54,361
Salaries and benefits	371,044	503,452
Travel	23,005	38,135
	$ 994,829	$ 1,093,821

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Horse Racing Commission

We have audited the balance sheet of The Horse Racing Commission as at March 31, 2001 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 4, 2001

THE HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2001
(with 2000 figures for comparison)

		Restricted Funds				Total	
Assets	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Year ended March 31 2001	2000
Current assets:							
Cash on hand and in bank	$ 288,752	$ -	$ 335,877	$ 240,575	$ -	$ 865,204	$ 550,257
Due from General Fund	-	-	-	-	28,757	28,757	51,305
Pari-mutuel levy receivable	-	44,625	-	-	-	44,625	31,297
Pari-mutuel distribution receivable	4,613	-	31,539	8,473	-	44,625	31,297
	293,365	44,625	367,416	249,048	28,757	983,211	664,156
Long-term funding commitments							
Province of Manitoba	233,793	-	-	-	-	233,793	206,594
	$ 527,158	$ 44,625	$ 367,416	$ 249,048	$ 28,757	$ 1,217,004	$ 870,750
Liabilities							
Current liabilities:							
Accounts payable accrued liabilities	$ 34,273	$ -	$ 367,416	$ 249,048	$ 28,757	$ 679,494	$ 402,523
Deferred revenue	-	-	-	-	-		1,964
Due to C.T.H.S. Fund	-	8,473	-	-	-	8,473	5,992
Due to General Fund	-	4,613	-	-	-	4,613	3,219
Due to General Support Fund	28,757	-	-	-	-	28,757	51,305
Due to H.B.P.A. Fund	-	31,539	-	-	-	31,539	22,086
	63,030	44,625	367,416	249,048	28,757	752,876	487,089
Long-term liability:							
Provision for employee pension benefits	233,793	-	-	-	-	233,793	206,594
	296,823	44,625	367,416	249,048	28,757	986,669	693,683
Unrestricted fund balances end of year, Exhibit B	230,335	-	-	-	-	230,335	177,067
	$ 527,158	$ 44,625	$ 367,416	$ 249,048	$ 28,757	$ 1,217,004	$ 870,750

APPROVED BY THE COMMISSION

Chairman

Comptroller

THE HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2001
(with 2000 figures for comparison)

	General Fund	Restricted Funds: Pari-mutuel Levy Fund	Restricted Funds: H.B.P.A. Fund	Restricted Funds: C.T.H.S. Fund	Restricted Funds: General Support Fund	Total Year ended March 31 2001	Total Year ended March 31 2000
Revenue:							
Fees, licenses and fines (Note 4)	$ 99,695	$ -	$ -	$ -	$ -	$ 99,695	$ 104,775
Grant from the Government of the Province of Manitoba	141,800	-	-	-	-	141,800	36,500
Grant from The Horse Racing Commission	-	-	-	-	16,228	16,228	5,600
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	491,100	491,100	501,100
Interest	14,167	-	5,160	12,041	-	31,368	23,690
Pari-mutuel levy	-	3,131,447	-	-	-	3,131,447	3,272,391
Pari-mutuel levy fund distribution	327,987	-	2,221,697	581,763	-	3,131,447	3,272,391
Long term funding commitments - Province of Manitoba	27,199	-	-	-	-	27,199	28,321
	610,848	3,131,447	2,226,857	593,804	507,328	7,070,284	7,244,768
Expenditure:							
General Fund expenditures, Exhibit C	557,580	-	-	-	-	557,580	584,125
Nomination payments (Net)	-	-	-	-	-		11,515
Overnight purse support thoroughbred	-	-	2,226,857	-	-	2,226,857	2,324,817
Owners/breeders incentive thoroughbred	-	-	-	593,804	-	593,804	615,515
Pari-mutuel levy fund distribution	-	3,131,447	-	-	-	3,131,447	3,272,391
Quarter Horse support	-	-	-	-	14,700	14,700	20,600
Standardbred rural							
Overnight support	-	-	-	-	358,328	358,328	349,100
Owner/breeders incentive	-	-	-	-	134,300	134,300	158,920
	557,580	3,131,447	2,226,857	593,804	507,328	7,017,016	7,336,983
Excess (deficiency) of revenues over expenses	53,268	-	-	-	-	53,268	(92,215)
Fund balances, beginning of year	177,067	-	-	-	-	177,067	269,282
Fund balances, end of year	$ 230,335	$ -	$ -	$ -	$ -	$ 230,335	$ 177,067

THE HORSE RACING COMMISSION

Exhibit C

Statement of General Fund Operating Expenditure
for the year ended March 31, 2001
(with 2000 figures for comparison)

	2001	2000
Expenditure:		
Advertising and promotion	$ 3,831	$ 550
Commissioners' per diem and honoraria	31,658	58,763
Drug, alcohol and security	8,254	6,935
Employee benefits	24,800	36,905
Equipment and office furniture	17,682	31,550
Equipment rentals	6,079	3,676
Memberships and dues	6,039	4,605
Office	7,929	10,200
Pension costs	30,652	31,215
Professional fees	87,969	82,392
Recruiting costs	2,732	222
Repairs and maintenance	7,004	6,644
Research grant	5,000	5,000
Salaries		
Administration	59,660	55,829
Security	22,939	28,245
Stewards and judges	136,524	126,024
Veterinarian services	46,197	42,379
Sundry	630	505
Support grant	16,228	5,600
Telephone	7,913	6,659
Travel	27,860	40,227
	$ 557,580	$ 584,125

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

1. Nature of operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Manitoba Horse Racing Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through the Manitoba Lotteries Distribution System.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

2. Significant accounting policies

A) Revenue from the Province of Manitoba

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

B) Pension costs

These consists of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years begin determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998.

C) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

The Commission follows generally accepted accounting principles with the exception of:

A) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture, which are immaterial in amount, are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

3. Accounting for pension liability and expenses

The Commission follows the accrual method of accounting for its unfunded pension liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

4. Fees, licenses and fines	2001	2000
Assiniboia Downs		
Daily licenses	$ 52,150	$ 51,660
Fees and licenses	34,826	36,625
Fines	6,114	10,465
	93,090	98,750
Rural Circuit		
Daily licenses	3,875	3,500
Fees and licenses	1,305	2,150
Fines	1,425	375
	6,605	6,025
	$ 99,695	$ 104,775

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AUDITORS' REPORT

To the Members of Insurance Council of Manitoba

We have audited the statement of financial position of the Insurance Council of Manitoba as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada
April 20, 2001

INSURANCE COUNCIL OF MANITOBA

Statement of Financial Position

March 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	$ 178,825	$ 95,102
Short-term investments, at cost (note 2)	300,000	400,000
Prepaid expenses	1,639	1,639
	480,464	496,741
Capital assets (note 3)	73,083	66,027
	$ 553,547	$ 562,768
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 31,032	$ 30,173
Deferred revenue	74,660	72,762
	105,692	102,935
Net assets	447,855	459,833
Commitments (note 5)		
	$ 553,547	$ 562,768

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Statement of Operations and Changes in Net Assets

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Licenses (note 4)	$ 405,163	$ 423,229
Examinations	28,094	22,040
Other	18,309	14,261
Interest income	31,926	28,170
	483,492	487,700
Expenses:		
Advertising, dues and subscriptions	2,561	3,869
Amortization	22,519	24,171
Bank charges and interest	1,007	1,067
Computer consulting fees	5,323	3,990
Council	22,705	25,719
Equipment leases	4,072	3,508
Insurance	2,681	2,702
Loss on disposal of capital assets	366	284
Meetings and trips	31,372	31,503
Office and equipment rental	17,241	22,693
Postage and courier	21,164	17,417
Professional fees	43,011	40,803
Rent	53,356	40,377
Salaries and benefits	258,331	264,880
Telephone	9,417	10,078
Training	344	1,379
	495,470	494,440
Deficiency of revenue over expenses	(11,978)	(6,740)
Net assets, beginning of year	459,833	466,573
Net assets, end of year	$ 447,855	$ 459,833

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (11,978)	$ (6,740)
Items not involving cash:		
Amortization of capital assets	22,519	24,171
Loss on disposal of capital assets	366	284
Change in non-cash operating working capital:		
Prepaid expenses	-	19,156
Accounts payable and accrued liabilities	859	(13,294)
Deferred revenue	1,898	3,860
	13,664	27,437
Financing and investing:		
Purchase of capital assets	(30,601)	(8,712)
Sale of capital assets	660	200
Purchase of investments	(100,000)	(200,000)
Sale of investments	200,000	200,000
	70,059	(8,512)
Increase in cash	83,723	18,925
Cash, beginning of year	95,102	76,177
Cash, end of year	$ 178,825	$ 95,102
Cash is defined as:		
Cash	$ 48,854	$ 25,043
Money market funds	129,971	70,059
	$ 178,825	$ 95,102

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

Year ended March 31, 2001

General:

The Council was created under the provisions of The Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

1. **Significant accounting policies:**

(a) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware and software	Declining balance	30%

(b) Fee revenue:

License fees are recognized as income over the term of the license period, other fee revenue is recognized as collected.

(c) Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. Short-term investments:

	2001	2000
Manitoba Hydro Bonds, 5%, maturing June 15, 2001	$ 200,000	$ 200,000
Manulife guaranteed investment certificate, 4.625%, maturing April 1, 2001	50,000	-
Manulife guaranteed investment certificate, 4.625%, maturing October 1, 2001	50,000	-
Laurentian Bank guaranteed investment certificate, 4.125%, matured June 5, 1999	-	50,000
Laurentian Bank guaranteed investment certificate, 4.125%, matured June 5, 1999	-	50,000
Victoria & Grey Trust guaranteed investment certificate, 4.30%, matured June 5, 1999	-	50,000
National Trust guaranteed investment certificate, 4.3%, matured June 5, 1999	-	50,000
	$ 300,000	$ 400,000

The fair value of the short-term investments approximates the carrying value at March 31, 2001 and 2000.

3. Capital assets:

			2001	2000
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 36,860	$ 24,239	$ 12,621	$ 15,664
Computer hardware	63,869	33,147	30,722	28,646
Computer software	73,644	43,904	29,740	21,717
	$ 174,373	$ 101,290	$ 73,083	$ 66,027

4. Related party transactions:

The Council and the Office of the Superintendent of Insurance of Manitoba ("OSIM") levy fees on members. The Council acts as agent and remits 46% of license fees to the OSIM. This 46% is not included in the financial statements.

Included in accounts payable and accrued liabilities is $25,508 (2000 - $21,212) payable to OSIM.

5. Commitments:

(a) Leases:

The Council leases its office premises under the provisions of an operating lease which expires July 31, 2002. The Council also leases equipment under the provisions of operating leases. Lease commitments to expiry of leases are as follows:

2002	$ 51,435
2003	16,724

(b) Operating line of credit:

The council has available an operating line of credit up to $50,000 with interest at prime plus 1/2%, secured by $80,000 of Manitoba Hydro Bonds.

HAUGEN MORRISH
CHARTERED ACCOUNTANTS

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The Pas, Manitoba R9A 1L2
- Tel: (204) 623-5437
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- E-mail: haugmorr@mb.sympatico.ca

AUDITORS' REPORT

To The Board of Governors
Keewatin Community College

We have audited the balance sheet of Keewatin Community College as at June 30, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Haugen Morrish
CHARTERED ACCOUNTANTS

The Pas, Manitoba
September 26, 2000

STATEMENT 1

KEEWATIN COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2000

	KCC Operating Fund	Inter-Universities North Fund	Trust and Endowment Fund	Combined 2000	Combined 1999 Restated
ASSETS					
CURRENT					
Cash and short term investments	$141,220	$6,378	$82,286	$229,884	$287,760
Accounts receivable (Note 4)	841,223	134,245		975,468	966,187
Due from COPSE (Note 5)	344,856			344,856	337,865
Inventory	162,455			162,455	162,935
Prepaid expenses	45,259			45,259	7,162
	1,535,013	140,623	82,286	1,757,922	1,761,909
CAPITAL ASSETS (Note 6)	1,409,404	34,040		1,443,444	1,465,142
DUE FROM PROVINCE OF MANITOBA (Note 7)	1,574,595	5,222		1,579,817	1,579,817
TOTAL ASSETS	$4,519,012	$179,885	$82,286	$4,781,183	$4,806,868
LIABILITIES					
CURRENT					
Bank indebtedness					$418,927
Due to Province of Manitoba	427,912			427,912	527,912
Accounts payable (Note 8)	690,943	112,136		803,079	867,601
Due to (from) other funds	63,921	(63,921)		0	0
Deferred grant revenue (Note 9)	504,784	32,220		537,004	458,196
Accrued vacation benefits	1,117,583	41,757		1,159,340	961,332
	2,805,143	122,192		2,927,335	3,233,968
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 10)	176,876	34,040		210,916	33,686
ACCRUED SEVERANCE BENEFITS	971,736	23,653		995,389	846,813
	3,953,755	179,885		4,133,640	4,114,467
FUND BALANCES					
FUND SURPLUS (DEFICIT)					
CONTRIBUTED SURPLUS	218,701			218,701	218,701
NET ASSETS INVESTED IN CAPITAL ASSETS	1,232,530			1,232,530	1,431,456
NET ASSETS RESTRICTED FOR TRUST & ENDOWMENT PURPOSES			82,286	82,286	60,386
UNRESTRICTED NET ASSETS	(885,974)			(885,974)	(1,018,142)
	565,257		82,286	647,543	692,401
TOTAL LIABILITIES & FUND BALANCES	$4,519,012	$179,885	$82,286	$4,781,183	$4,806,868

APPROVED BY THE BOARD OF GOVERNORS:

KEEWATIN COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2000

	UNRESTRICTED		RESTRICTED	NET ASSETS INVESTED IN CAPITAL ASSETS		CONTRIBUTED SURPLUS	
	KCC Operating Fund	Inter-Universities North Fund	Trust and Endowment Fund	KCC Operating Fund	Inter-Universities North Fund	KCC Operating Fund	Combined 2000
FUND SURPLUS (DEFICIT), Beginning of year, as previously reported	$(1,019,228)	$1,086	$60,386	$1,437,724	$83,328	$218,701	$781,997
RETROACTIVE CHANGE IN ACCOUNTING POLICY (Note 3)				(6,268)	(83,328)		(89,596)
FUND SURPLUS (DEFICIT), Beginning of year, as restated	(1,019,228)	1,086	60,386	1,431,456	-	218,701	692,401
EXCESS REVENUE (EXPENSES)							
KCC Operating Fund	(65,672)						(65,672)
Inter-Universities North Fund		(1,086)					(1,086)
Trust and Endowment Fund			21,900				21,900
CHANGE IN NET ASSETS INVESTED IN CAPITAL ASSETS							
Amortization expense	136,683	8,823		(136,683)	(8,823)		
Amortization of deferred contributions related to capital assets		(8,823)			8,823		
Purchase of capital assets	176,875	9,177		(176,875)	(9,177)		
Deferred contributions related to capital assets	(176,875)	(9,177)		176,875	9,177		
Disposal of capital assets	62,243			(62,243)			
FUND SURPLUS (DEFICIT), End of year	$(885,974)	$-	$82,286	$1,232,530	$-	$218,701	$647,543

KEEWATIN COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2000

	KCC Operating Fund	Inter-Universities North Fund	Trust and Endowment Fund	Combined 2000	Combined 1999 Restated
REVENUES					
Grants					
Council on Post-Secondary Education	$11,484,015	$842,924		**$12,326,939**	$11,276,761
Other (Schedule 1)	469,233			**469,233**	208,154
Amortization of deferred contributions related to capital assets		8,823		**8,823**	8,728
Ancillary sales and services (Schedule 2)	1,185,352			**1,185,352**	1,065,323
Donations	43,557		106,983	**150,540**	130,304
Investment income	30,448	2,258	5,250	**37,956**	57,048
Market Driven Training Centre	891,077			**891,077**	1,796,429
Tuition and student fees (Schedule 3)	1,759,491	285,132		**2,044,623**	1,789,802
Other revenue	406,699	66,230		**472,929**	579,000
	16,269,872	1,205,367	112,233	**17,587,472**	16,911,549
EXPENDITURES (Schedule 4)					
Advertising	210,533	15,270		**225,803**	253,349
Amortization of capital assets	136,683	8,823		**145,506**	136,158
Bad debts	258,235	9,165		**267,400**	89,892
Cost of Goods Sold	598,921			**598,921**	555,404
Employee benefits	852,545	58,403		**910,948**	896,812
Insurance	28,523	180		**28,703**	24,563
Library acquistions	51,856			**51,856**	39,334
Loss on disposal of capital assets	28,126			**28,126**	7,259
Facility costs	616,236			**616,236**	551,035
Furniture and minor equipment	419,102	20,133		**439,235**	723,009
Maintenance and repairs	98,812	791		**99,603**	58,534
Operational supplies and services	1,474,830	49,922		**1,524,752**	1,778,303
Property taxes	401,553			**401,553**	378,516
Rentals and leases	194,808	25,259		**220,067**	235,149
Salaries	10,118,738	803,376		**10,922,114**	10,883,537
Scholarships and bursaries			90,333	**90,333**	143,455
Telephone and communication	305,917	14,824		**320,741**	309,130
Travel and hospitality	396,530	200,307		**596,837**	723,823
Utilities	143,596			**143,596**	123,132
	16,335,544	1,206,453	90,333	**17,632,330**	17,910,394
EXCESS REVENUES (EXPENDITURES)	$(65,672)	$(1,086)	$21,900	**$(44,858)**	$(998,845)

STATEMENT 4

KEEWATIN COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000

	2000	1999
		Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess Revenues (Expenditures)		
Appropriated for specific purposes Fund	$	$(1,117,545)
KCC Operating Fund	(65,672)	(990,378)
Inter-Universities North Fund	(1,086)	1,086
Trust and Endowment Fund	21,900	(9,553)
	(44,858)	(2,116,390)
Add (deduct) items not involving cash		
Loss on disposal of capital assets	28,126	7,259
Amortization of capital assets	145,506	136,158
Amortization of deferred contributions related to capital assets	(8,823)	(8,728)
	119,951	(1,981,701)
Add (deduct) changes in non-cash working capital components related to operating activities		
Accounts receivable	(9,281)	(336,986)
Due from COPSE	(6,991)	(936)
Inventory	480	(35,630)
Prepaid expenses	(38,097)	5,143
Due to Province of Manitoba	(100,000)	527,912
Accounts payable and accrued liabilities	(64,522)	133,522
Deferred grant revenue	78,808	(813)
Accrued vacation benefits	198,008	29,517
Accrued severance benefits	148,576	19,585
	326,932	(1,640,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred contributions related to capital assets	186,053	11,199
	186,053	11,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(186,053)	(296,700)
Proceeds on disposal of capital assets	34,119	7,767
	(151,934)	(288,933)
NET INCREASE (DECREASE) IN CASH FLOWS DURING THE YEAR	361,051	(1,918,121)
CASH RESOURCES, BEGINNING OF YEAR	(131,167)	1,786,954
CASH RESOURCES, END OF YEAR	$229,884	$(131,167)
CASH RESOURCES COMPRISED OF:		
Cash and short term investments	$229,884	$287,760
Bank indebtedness		(418,927)
	$229,884	$(131,167)

---

1. NATURE OF OPERATIONS

Keewatin Community College operates under the authority of the Colleges Act, Chapter C150.1 of the continuing consolidation of the Statutes of Manitoba.This legislation established the College as a board-governed institution on April 1, 1993.

The college has tax-exempt status as a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The transactions of the corporation have been segregated into the following funds in accordance with specified activities or objectives:

KCC Operating Fund - transactions related to educational and ancillary activities of Keewatin Community College.

Inter-Universities North Fund - transactions related to the educational programs of the Inter-Universities North Program which is administered by Keewatin Community College.

Trust and Endowment Fund - transactions related to donations and endowments for student scholarships and bursaries.

b) Revenue Recognition

Tuition and fees are recognized as revenue in the semester or term earned.

Revenue from Market Driven Training contracts is recognized during the year at a rate approximating the delivery of the contracted programs and services.

Investment income is recognized as revenue when earned.

Contributions:

> Unrestricted contributions and grants are recognized as revenue when received or receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Donations are reported as revenue when received.

Endowment contributions (and/or investment income thereon) that are held in perpetuity according to restrictions placed by the donors are recognized as direct increases in the Trust and Endowment Fund Balance.

Contributions (or portions permitted thereof) which are designated for the purchase of capital assets are deferred and amortized to revenue at the same rate as the related capital assets are amortized to expenditures.

c) Short-term investments

Investments are recorded at the lower of cost or net realizable value.

d) Inventory

Inventory is recorded at the lower of cost or net realizable value.

e) Capital Assets

Individual capital assets with a value greater than $5,000 are capitalized and recorded at cost in the year of acquisition. Individual capital assets with a value less than $5,000 are expensed in the year of acquisition. Amortization of capitalized assets is recorded on a straight line basis commencing the year after acquisition over the following periods:

Automotive equipment	5 years
Buildings	40 years
Computer equipment	5 years
Other Equipment	10 years

Library holdings are valued using the "base stock" method, and accordingly are recorded at the value transferred upon governance at April 1, 1993. No amortization is taken on library holdings, and subsequent library acquistions are expensed in the year of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain capital assets purchased for specific Market Driven Training contracts are expensed in the year of purchase.

3. CHANGE IN ACCOUNTING POLICY

During the year the corporation changed its accounting policy related to capital assets. Previously, all individual assets purchased with a value of $750 or greater were capitalized and amortized over a five year period. The current policy is to capitalize assets with individual values exceeding $5,000, and to amortize the cost over the periods indicated in Note 2.

Previously, the portion of the operating grant designated for the Inter-Universities North program pertaining to capital asset purchases was not recorded as a contribution related to capital assets. The current policy is to consider any portion of the Inter-Universities North operating grant used to purchase capital assets as a contribution related to capital assets. Accordingly, any such portion of the operating grant is deferred and amortized on the same basis as the related capital asset.

This change in accounting policy has been applied retroactively and prior periods have been restated accordingly. The effects of the change on the financial statements of the immediately preceding period are as follows:

Net capital assets, June 30, 1999	KCC	IUN
as previously reported	$2,746,855	$83,328
Effect of change in accounting policy	(1,315,399)	(49,642)
Net capital assets at June 30, 1999, restated	$1,431,456	$33,686
Deferred contributions related to capital assets,		
June 30, 1999 as previously reported	$1,309,132	$ -
Effect of change in accounting policy	(1,309,132)	33,686
Deferred contributions related to capital assets,		
June, 30, 1999 as restated	$ -	$33,686
Net assets invested in capital assets,		
June 30, 1999 as previously reported	$1,437,724	$83,328
Effect of change in accounting policy	(6,268)	(83,328)
Net assets invested in capital assets,		
June 30, 1999 as restated	$1,431,456	$ -

3. CHANGE IN ACCOUNTING POLICY (continued)

Excess expenditures, June 30, 1999, as previously reported	$(772,380)
Effect on change in accounting policy	(226,465)
Excess expenditurs, June 30, 1999, as restated	$(998,845)

4. ACCOUNTS RECEIVABLE

KCC Operating Fund	*2000*	*1999*
Students	$195,867	$367,816
Market Driven Training	770,706	599,474
Other	270,779	16,222
	1,237,352	983,512
Less: Allowance for doubtful accounts	(396,129)	(124,871)
	$841,223	$858,641
Inter-Universities North Fund		
Students	$92,271	$ 72,118
Other	51,139	35,423
	143,410	107,546
Less: Allowance for doubtful accounts	(9,165)	-
	$134,245	$107,546

5. DUE FROM COPSE

Accrued operting grants receivable from the Council on Post Secondary Education:

	2000	*1999*
Property taxes	$196,827	$204,726
ACRS	148,029	133,139
	$344,856	$337,865

6. CAPITAL ASSETS

			Net Book Value	
KCC Operating Fund	*Cost*	*Accumulated Amortization*	*2000*	*1999*
Automotive equipment	$267,668	$121,676	$145,992	$154,346
Computer equipment	447,492	278,616	168,876	199,737
Other equipment	664,023	320,073	343,950	325,612
Buildings	47,000	10,575	36,425	37,600
Library Holdings	714,161	-	714,161	714,161
	$2,140,344	$730,940	$1,409,404	$1,431,456

6. CAPITAL ASSETS (continued)

			Net Book Value	
	Cost	***Accumulated Amortization***	***2000***	***1999***
Inter-Universities North Fund				
Computer equipment	$41,395	$18,163	$ 23,232	$ 31,510
Other equipment	14,616	3,808	10,808	2,176
	$56,011	$21,971	$34,040	$33,686

7. DUE FROM PROVINCE OF MANITOBA

The Province of Manitoba has recognized its liability to the corporation for the opening balances of accrued employee severance benefits and vacation benefits as at April 1, 1998. There are no terms of repayment for the balance due.

	2000	***1999***
Accrued severance benefits, April 1, 1998	$ 827,228	$ 827,228
Accrued vacation benefits, April 1, 1998	752,589	752,589
	$1,579,817	$1,579,817

8. ACCOUNTS PAYABLE

KCC Operating Fund	***2000***	***1999***
Trade accounts payable	$280,145	$33,300
Wages and benefits payable	18,205	319,228
Due to student associations	6,075	6,839
Deposits	612	420
Accrued ACRS	148,028	133,139
Accrued property taxes	196,828	204,726
Other accrued liabilities	41,050	25,000
	$690,943	$722,652

Inter-Universities North Fund	***2000***	***1999***
Trade accounts payable	$97,856	$122,945
Wages and benefits payable	48	22,003
Other accrued liabilities	14,232	-
	$112,136	$144,948

9. DEFERRED REVENUE

Deferred contributions reported in each fund relate to designated contributions received in the current year that are related to expenditures of a subsequent year. Changes in deferred contributions during the year are as follows:

KCC Operating Fund	*Beginning of year*	*Increases*	*Decreases*	*End of year*
COPSE - overpayment	$105,100	$105,100	$(105,100)	$105,100
COPSE - Restorative Justice	-	11,500	-	11,500
UofM Faculty of Nursing	80,000	120,000	(110,000)	90,000
MET-comp. based learning	39,145	47,700	(86,845)	-
MET-Flin Flon Employment Centre	28,650	9,605	(38,255)	-
MET-Aboriginal distance ed	25,056	5,500	(30,556)	-
MET-I Link	23,690	5,200	(28,890)	-
MET-Comp. based Health ed	22,000	33,000	(27,500)	27,500
Market Driven Training contracts in process	17,986	254,727	(17,986)	254,727
Miscellaneous	1,109	-	(1,109)	-
Manitoba Hyrdo	-	15,000	-	15,000
Northern Scientific Training Program	-	5,000	(4,043)	957
	$342,736	$612,332	$(450,284)	$504,784

Inter-Universities North Fund				
COPSE operating	$110,960	$27,720	$(110,960)	$27,720
COPSE overpayment	4,500	4,500	(4,500)	4,500
	$115,460	$32,220	$(115,460)	$32,220

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Beginning of year	*Increases*	*Decreases*	*End of year*
KCC Operating Fund	$ -	$176,876	$ -	$176,876
Inter-Universities North Fund	$33,686	$ 9,177	$(8,823)	$ 34,040

11. PENSION COSTS AND OBLIGATIONS

The corporation's employees are contributing members of the provincially operated Civil Service Superannuation Plan, a defined benefit pension plan. The accumulated superannuation liabilities of the corporation continue to be funded directly by the Province of Manitoba, rather than the corporation itself. The indirect benefit to the corporation of the pension benefits paid directly by the Province of Manitoba has not been quantified.

12. RECONCILIATION OF COPSE GRANTS RECEIVED AND GRANT REVENUE

	KCC	*IUN*
COPSE grant payments received during year	$11,770,500	$826,600
Less: Overpayment deferred to subsequent year	(105,100)	(4,500)
COPSE grants authorized for fiscal year	$11,665,400	$822,100
Less: Deferred to subsequent fiscal year	(11,500)	(27,720)
Add: Deferred from prior fiscal year		57,721
Less: Deferred contributions related to capital assets	(176,876)	(9,177)
Add: Change in accrued ACRS and property tax funding	6,991	-
COPSES grant revenue (statement 3)	$11,484,015	$842,924

13. CONTRACTUAL OBLIGATIONS

The corporation has entered into various contracts to rent office equipment, lease facility space, and for services provided by third parties for food services, security and building management. Contractual obligations over the next five years are as follows:

2000/01	$125,000
2001/02	93,100
2002/03	40,500
2003/04	17,100
2004/05	-

14. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the year ended June 30, 2000. The financial statements for the year ended June 30, 1999 where reported on by another firm of Chartered Accountants.

KEEWATIN COMMUNITY COLLEGE

SCHEDULES TO THE FINANCIAL STATEMENTS

Year ended June 30

SCHEDULE 1 - OTHER GRANT REVENUE

Province of Manitoba Employment & Training		
Computer Based Learning System	$129,700	$133,100
Aboriginal Distance Education	30,556	24,444
I-link and Other Technologies	28,890	23,110
Community Based Health Education	-	27,500
Flin Flon Employment Centre	59,512	-
Personal Leadership Development	67,650	-
Non-Timber Forest Products	31,440	-
	347,748	208,154
Government of Canada		
Western Economic Diversification		
Non-Timber Forest Products	31,485	-
University of Manitoba Faculty of Nursing	90,000	-
	$469,233	$208,154

SCHEDULE 2 - ANCILLARY SALES AND SERVICES

Bookstore	$668,064	$796,397
Cafeteria	211,166	-
Residence	306,122	268,926
	$1,185,352	$1,065,323

SCHEDULE 3 - TUITION AND STUDENT FEES

Apprenticeship	$666,635	$384,400
Credit	1,081,958	1,133,901
Non-credit	10,898	13,771
	$1,759,491	$1,532,072

SCHEDULE 4 - KCC EXPENDITURES BY FUNCTION

	Salaries & Benefits	*Other*	*2000 Total*
Academic	$5,787,597	$817,460	$6,605,057
Administration	1,154,635	695,385	1,850,019
Ancillary sales & service	494,113	717,328	1,211,440
Continuing education	2,410	1,290	3,700
Library	199,617	63,448	263,065
Market Driven Training	903,256	586,908	1,490,164
MIS	478,908	407,833	886,741
Plant	388,750	1,574,003	1,962,752
Program support	1,561,997	500,609	2,062,606
	$10,971,283	$5,364,261	$16,335,554

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Legal Aid Services Society of Manitoba

We have audited the balance sheet of The Legal Aid Services Society of Manitoba as at March 31, 2001 and the statements of revenue and expenditure and net assets and cash flow for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Legal Aid Services Society of Manitoba as at March 31, 2001 and the results of its operations and its cash flow for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
August 21, 2001

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Balance Sheet
as at March 31, 2001
(with 2000 figures for comparison)

	2001	2000
ASSETS		
Current Assets		
Bank	$ 434,398	$ 558,750
Client accounts receivable, net (Note 3)	986,487	960,809
Receivable from the Province of Manitoba	77,000	106,000
Other receivables, net (Note 4)	83,405	103,524
Prepaid expense	276,951	63,155
	1,858,241	1,792,238
Long-term receivable - severance - Province of Manitoba (Note 5)	716,166	716,166
Long-term receivable - pension - Province of Manitoba (Note 12)	7,254,785	6,432,631
	$ 9,829,192	$ 8,941,035
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 921,879	$ 754,964
Accrued vacation pay	649,912	631,671
Deferred revenue from clients	352,215	348,009
Deferred contribution from Province of Manitoba (Note 6)	30,000	170,770
	1,954,006	1,905,414
Severance liability (Note 6)	895,503	843,227
Provision for employee pension benefits (note 12)	7,254,785	6,432,631
Net Assets	(275,102)	(240,237)
	$ 9,829,192	$ 8,941,035

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Revenue and Expenditure, and Net Assets
for the year ended March 31, 2001
(with 2000 figures for comparison)

	2001	2000
Revenue		
Province of Manitoba (Note 7)	$ 14,656,891	$ 14,178,983
Manitoba Law Foundation (Note 8)	1,523,935	1,687,438
Contributions from clients	989,074	914,303
Recoveries from third parties	680,238	639,459
Government of Canada	3,116	1,593
Judgment costs and settlements	162,854	139,115
Interest income	40,591	29,534
Other	2,982	0
	$ 18,059,681	$ 17,590,425
Expenditure		
Private bar fees and disbursements, net (Note 11)		
Legal aid certificates	$ 7,160,533	$ 6,918,329
Duty counsel services	208,911	135,109
Transcripts and Other Contributed Services	84,384	84,893
	7,453,828	7,138,331
Community Law Centres, Schedule 1	6,660,125	6,683,091
Public Interest Law Centre, Schedule 1	489,015	534,231
University Law Centre, Schedule 1	73,604	77,236
General and administrative, Schedule 1	3,417,974	3,413,900
	$ 18,094,546	$ 17,846,789
Excess of revenue over (under) expenditure, operations	(34,865)	(256,364)
Excess of revenue over (under) expenditure, special trial (note 6)	0	0
Excess of revenue over (under) expenditure	(34,865)	(256,364)
Net Assets, beginning of year	(240,237)	16,127
Net Assets, end of year	$ (275,102)	$ (240,237)

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Cash Flow
for the year ended March 31, 2001
(with 2000 figures for comparison)

	2001	2000
Cash Flow Provided by (Used In) Operating Activities:		
Excess of revenue over (under) expenditure for the year	$ (34,865)	$ (256,364)
Add (deduct) items not affecting cash		
Bad Debt Expense	318,936	321,251
Changes in working capital:		
Client accounts receivable	(344,614)	(339,346)
Province of Manitoba receivable	29,000	(106,000)
Other receivables	20,119	2,645
Prepaid expense	(213,796)	(2,041)
Accounts payable and accrued vacation pay	185,156	334,988
Deferred revenue	4,206	31,283
Deferred contribution from Province of Manitoba	(140,770)	16,858
	(176,628)	3,274
Cash Flow Provided by (Used In) Financing Activities:		
Increase in long-term funding commitments	(822,154)	(728,009)
Increase in severance liability	52,276	77,937
Increase in provision for employee pension benefits	822,154	728,009
	52,276	77,937
Net Increase/(Decrease) in Cash for the Year	(124,352)	81,211
Cash - Beginning of Year	558,750	477,539
Cash - End of Year	434,398	558,750

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

SCHEDULE 1

Schedule of Expenditures
for the year ended March 31, 2001
(with 2000 figures for comparison)

	COMMUNITY LAW CENTRES		PUBLIC INTEREST LAW CENTRE		UNIVERSITY LAW CENTRE		GENERAL AND ADMINISTRATIVE		TOTAL	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Advertising	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 17,774	$ 16,320	$ 17,774	$ 16,320
Bad debts	0	0	0	0	0	0	318,936	321,251	318,936	321,251
Bank charges	0	0	0	0	0	0	1,980	1,852	1,980	1,852
Board expenses	0	0	0	0	0	0	29,403	31,319	29,403	31,319
Collection costs	0	0	0	0	0	0	16,615	18,810	16,615	18,810
Computer costs	9,291	84,798	149	5,788	0	0	28,665	97,340	38,105	187,925
Duty counsel	95,571	100,480	0	0	0	0	2,684	3,360	98,255	103,840
Equipment maintenance	73,231	57,604	8,657	3,810	0	0	29,650	24,949	111,538	86,364
Expert witnesses & consultants	0	0	41,822	65,911	0	0	0	0	41,822	65,911
File disbursements	238,499	250,544	51,522	63,217	964	1,178	7,341	6,088	298,326	321,026
Furniture and equipment, net of disposals	12,109	68,231	2,771	5,619	0	0	1,850	30,129	16,730	103,979
Library	44,952	43,164	8,409	9,880	332	324	20,414	11,671	74,107	65,039
Meetings	11,728	9,402	0	394	50	0	14,558	19,489	26,336	29,285
Office expenses	138,379	150,333	13,355	15,322	2,380	3,178	129,401	122,409	283,515	291,243
Office relocation	22,290	2,675	0	479	0	0	720	5,261	23,010	8,415
Pension costs (note 12)	0	0	0	0	0	0	863,842	758,882	863,842	758,882
Premise costs	390,620	375,459	17,914	17,739	7	0	112,945	114,380	521,486	507,578
Professional fees	123,822	136,458	9,609	11,778	5,200	10,500	97,021	116,913	235,652	275,649
Salaries, benefits and levy	5,130,838	5,027,633	319,832	317,445	59,379	57,000	1,564,633	1,508,222	7,074,682	6,910,299
Severance Liability	0	0	0	0	0	0	62,575	77,937	62,575	77,937
Staff development	30,620	25,277	4,644	4,455	0	0	9,156	49,582	44,420	79,314
Staff recruitment	4,661	3,244	100	0	0	0	0	0	4,761	3,244
Telephone	107,641	107,130	3,951	5,364	1,958	1,775	73,799	58,155	187,349	172,425
Transcripts and Other Contributed Services	78,653	89,600	0	0	0	0	0	0	78,653	89,600
Travel	147,220	151,059	6,280	7,030	3,334	3,281	14,012	19,581	170,846	180,952
TOTAL	$ 6,660,125	$ 6,683,091	$ 489,015	$ 534,231	$ 73,604	$ 77,236	$ 3,417,974	$ 3,413,900	$ 10,640,718	$ 10,708,458

Notes to Financial Statements
for the year ended March 31, 2001

1. Nature of the Society

The Legal Aid Services Society of Manitoba (the Society) was established by an Act of the Legislative Assembly of Manitoba.

The objects of the Society, as set out in the Act, are:

- to provide legal advice and services to individuals, groups and organizations who, left to their own means, could not afford to retain the service of a lawyer.
- to furnish legal aid advice to groups and organizations involving matters of an interest common to members of the group and relating to issues of public interest such as, but not restricted to, consumer and environmental issues.

The Society is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

2. Significant Accounting Policies

a) Accounting Basis

The financial statements are prepared on an accrual basis of accounting except for:

i) Private bar fees and disbursements which are recognized as expenditures based on lawyers' billings dates rather than the dates of providing required services.

ii) Capital Assets are charged to operations in the year acquired. Proceeds of disposal are reflected as reductions to expenditures.

b) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Legal Aid Services Society of Manitoba based on the clients' ability to pay.

i) Agreements to Pay

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the legal aid certificate. The revenue and receivable are recognized when the certificate is signed.

ii) Expanded Eligibility

Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25%. The revenue and receivable are recognized based on the date of the lawyer's billing.

iii) Charges on Land

Charges on Land are registered under Section 17 of the Legal Aid Services Society Act in Land Titles on property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

c) Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded against receivables based on a specific review of accounts, except for the allowance against charges on land, which is recorded at 50% of the outstanding balance.

d) Contributed Services

Under an arrangement between the Society and the Department of Justice, the Department provides transcripts and other services to the Society at no cost. The value of these contributed services is recorded as revenue and as an expenditure.

e) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

f) Pension Plan

Employees of the Society are pensionable under the Civil Service Superannuation Act. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation.

g) Financial Instruments

Legal Aid Services Society's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

3. Client Accounts Receivable, net

	2001	2000
Agreements to Pay	$ 55,734	$ 63,188
Expanded Eligibility	375,421	416,444
Charges on Land	1,627,663	1,538,391
	2,058,818	2,018,023
Less: Allowance for Doubtful Accounts	1,072,331	1,057,214
Clients Accounts Receivable, net	$ 986,487	$ 960,809

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Notes to Financial Statements
for the year ended March 31, 2001

4. Other Receivables, net

	2001	2000
Court Costs	$ 198,229	$ 188,501
Child & Family Services	3,970	9,606
Social Services	68,785	82,728
Employee Advances and GST Recoverable	4,227	3,081
	275,211	283,916
Less: Allowance for Doubtful Accounts	191,806	180,392
Other Receivables, net	$ 83,405	$ 103,524

5. Severance pay benefits

Effective April 1, 1998, Legal Aid is recording accumulated severance pay benefits for their employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from Legal Aid. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province accepted responsibility for the severance benefits accumulated by Legal Aid employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of $716,166 was completely offset by a receivable from the Province. There are no terms of repayment for the receivable, and the amount will remain fixed at $716,166.

6. Special Trial

During the fiscal year ended March 31, 1999, Legal Aid retained counsel for a number of accused under a special order from the Province of Manitoba. These retainers are not governed by Legal Aid tariff or regulations but are a special agreement between the Private Bar and Legal Aid. All funding received from the Province of Manitoba for this trial is restricted solely for expenditures incurred in the process of defending those accused. Any funding not committed at the end of the special trial must be returned to the Province of Manitoba.

	2001	2000
Revenue from the Province of Manitoba	$ 1,342,715	$ 1,816,360
Expenditures, Private Bar and Staff	1,342,715	1,816,360
Excess of revenue over (under) expenditure	$ 0	$ 0

At March 31, 2001, Legal Aid was holding $30,000 in deferred contributions from the Province of Manitoba pertaining to this special trial. The main trial was completed within the fiscal year, however final assessment of billings related to appeal proceedings are still outstanding.

Notes to Financial Statements
for the year ended March 31, 2001

7. Revenue from the Province of Manitoba

	2001	2000
Grant	$ 7,691,605	$ 7,393,120
Salaries and other payments	6,243,761	6,065,741
Health and post secondary education tax levy	132,360	129,284
Employer portion of employee benefits	426,128	416,345
Contributed Services	163,037	174,493
	$ 14,656,891	$ 14,178,983

Funding from the Province of Manitoba includes the Society's share of provisions recorded for unfunded pension liabilities.

8. Revenue from the Manitoba Law Foundation

	2001	2000
Statutory Grant	$ 1,328,935	$ 1,492,438
Public Interest Law Centre	150,000	150,000
University Law Centre	45,000	45,000
	$ 1,523,935	$ 1,687,438

A statutory grant, pursuant to subsection 65(1) of The Law Society Act, is received annually from The Manitoba Law Foundation. The Society's share under the Act is 50% of the total interest on lawyers' trust accounts as received by the Foundation or a minimum of $1,007,629, whichever is greater. In the event that interest received by the Foundation in the preceding year, after deduction of the Foundation's operational expenses, is not sufficient to pay the statutory minimum of $1,007,629 to The Legal Aid Services Society, the Act provides for pro-rata sharing of the net interest.

For March, 2001 the amount of the grant exceeded the minimum due to higher interest rates during 1999/2000 and the level of lawyer trust accounts.

Other grants from The Manitoba Law Foundation are received pursuant to subsection 65(4) of The Law Society Act. These grants are restricted for the Public Interest Law Centre and the University Law Centre. At March 31, 2001, there were no unrestricted funds remaining from these grants.

9. Commitments

i) Lease

The Society rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates to March 31, 2006are:

2002	$ 402,042
2003	$ 273,852
2004	$ 243,001
2005	$ 243,001
2006	$ 243,001
	$ 1,404,895

ii) Private Bar

Estimated total commitments for future billings on outstanding legal aid certificates amount to $6,293,000 as at March 31, 2001 (2000 - $7,284,000).

10. Related Parties Transactions

The Society is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The Society enters into transactions with these entities in the normal course of business.

11. Private Bar Fees and Disbursements, net

	Fees	Disbursements	2001 Total	2000 Total
Legal Aid Certificates	$ 6,189,110	$1, 011,150	$ 7,200,260	$ 7,045,807
Reduction in fees	(231,590)	0	(231,590)	(346,517)
Holdback Repayment	191,863	0	191,863	219,039
	6,149,383	$1,011,150	7,160,533	6,918,329
Duty Counsel	209,773	0	209,773	136,250
Reduction in fees	(2,502)	0	(2,502)	(3,172)
Holdback Repayment	1,640	0	1,640	2,031
	208,911	0	208,911	135,109
Transcripts and Other Contributed Services	0	84,384	84,384	84,893
Net	$ 6,358,294	$1,095,534	$ 7,453,828	$ 7,138,331

For March 31, 2001 the reduction in private bar fees totaled $234,092 (2000 - $349,689). Subsequent to the year end, the Board has determined that $210,683 will be refunded for private bar fees reduced during 2000/01. The amount of the repayment is reflected above.

Since 1992 the private bar fees have been reduced by a percentage determined by the Board. The specific reduction applied to the private bar fees is the reduction in fees approved by the Board relating to the year in which the legal aid file was opened. For March 31, 2001 the percentage reduction in fees approved by the Board was set at 5% for criminal matters only. There is no liability for the reduction of fees held back beyond the distribution approved by the Board each year.

12. Provision for Employee Pension Benefits

Pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined by an actuarial valuation every three years with the balances for the intervening years being determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998 by Ellement & Ellement Ltd., Consulting Actuaries.

	2001	2000
Balance at beginning of year	$ 6,432,631	$ 5,704,622
Benefits accrued	379,401	324,550
Interest accrued on benefits	484,440	434,332
Benefits paid	(41,687)	(30,873)
Balance at end of year	$ 7,254,785	$ 6,432,631

The key actuarial assumptions were a rate of return of 7% (1995 - 7.5%), 3% inflation (1995 - 3.75%), salary rate increases of 4.5% (1995 - 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to March 31, 2001 using a formula provided by the actuary.

The Province of Manitoba has accepted responsibility for the unfunded pension liability. Accordingly the provision for employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

13. Public Sector Compensation Disclosure

For the purposes of the Public Sector Compensation Disclosure Act, all compensation for employees, Board members and the private bar fees and disbursements from The Legal Aid Services Society of Manitoba is disclosed in a separate statement.

STEFANSON & LEE
Chartered Accountants

AUDITORS' REPORT

To the Board of Directors of
Manitoba Adolescent Treatment Centre Inc.

We have audited the balance sheet of Manitoba Adolescent Treatment Centre Inc. as at March 31, 2001 and the statement of operations and the statement of changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Centre's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
May 11, 2001

Stefanson & Lee
Chartered Accountants

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Balance Sheet
March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 850,890	658,335
Prepaid expenses	14,056	14,973
Accounts receivable	17,550	15,922
Pre-retirement leave receivable	357,925	-
	1,240,421	689,230
Capital assets (note 3)	2,138,399	2,242,487
	$ 3,378,820	2,931,717
LIABILITIES		
Current		
Accounts payable	$ 214,605	230,948
Accrued wages	177,673	155,252
Pre-retirement leave payable	357,925	-
Vacation pay payable	551,642	421,485
Current portion of long-term debt	30,000	30,000
	1,331,845	837,685
Long-term debt (note 4)	67,500	97,500
Deferred contributions (note 5)	17,560	28,881
Deferred contributions relating to capital assets (note 6)	1,313,841	1,404,912
	2,730,746	2,368,978
NET ASSETS		
Unrestricted	(63,696)	(149,031)
Net investment in capital assets	711,770	711,770
	648,074	562,739
	$ 3,378,820	2,931,717

APPROVED BY THE BOARD:

DIRECTOR

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Statement of Operations
for the year ended March 31, 2001

		2001	2000
Income			
Program			
Winnipeg Regional Health Authority	$	7,326,064	6,134,757
Province of Manitoba		25,000	27,884
Recovery and other		122,012	83,954
		7,473,076	6,246,595
Rental income		4,274	35,315
Miscellaneous income		2,905	4,435
Special projects		11,321	43,759
Amortization of deferred contributions		126,071	107,259
		7,617,647	6,437,363
Expenses			
Programs			
Hospital services		4,579,602	4,110,735
Community Child and Adolescent Treatment Services		1,352,058	818,068
Acute Treatment and Consultation Team		398,977	347,533
Youth Forensic Services		343,835	311,636
Educational Psychiatric Services		690,428	632,518
		7,364,920	6,220,490
Special projects		11,321	43,759
Amortization of capital assets		156,071	137,259
		7,532,312	6,401,508
Excess of income over expenses for the year	$	85,335	35,855

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Statement of Changes in Net Assets
for the year ended March 31, 2001

		Invested in Capital Assets	Unrestricted	2001 Total	2000 Total
Balance, beginning of year	$	711,770	(149,031)	562,739	526,884
Excess of revenues over expenses for the year		-	85,335	85,335	35,855
Amortization		(30,000)	30,000	-	-
Long-term debt repayment		30,000	(30,000)	-	-
Balance, end of year	$	711,770	(63,696)	648,074	562,739

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Cash Flow Statement
for the year ended March 31, 2001

	2001	2000
Cash from operating activities		
Excess income over expenses for the year	$ 85,335	35,855
Adjustments for non-cash items		
Amortization of capital assets	156,071	137,259
Change in deferred contributions	(11,321)	(18,759)
Net change in non-cash working capital items	135,524	(26,585)
Amortization of deferred contributions	(126,071)	(107,259)
Cash provided by operating activities	239,538	20,511
Financing and investing activities		
Mortgage principal repayments	(30,000)	(30,000)
Capital funding for asset purchases	35,000	111,512
Purchase of capital assets	(51,983)	(96,637)
Cash used in financing and investing activities	(46,983)	(15,125)
Change in cash for the year	192,555	5,386
Cash position, beginning of year	658,335	652,949
Cash position, end of year	$ 850,890	658,335

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Notes to Financial Statements
March 31, 2001

1. Purpose:

The Manitoba Adolescent Treatment Centre Inc. (M.A.T.C.) was incorporated in the Province of Manitoba without share capital on February 23, 1983 as a non-profit organization and is a registered charity for income tax purposes. M.A.T.C. provides inpatient and outpatient accommodation as well as rehabilitative and medical care and treatment programs to children and adolescents in Manitoba.

2. Significant accounting policies:

Revenue recognition

The Centre follows the deferral method for accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue as earned.

Capital assets

Capital assets are recorded at cost. Amortization is charged to the assets to amortize the cost over the estimated useful lives of the assets at the following annual rates.

Buildings	5% declining balance
Equipment	20% declining balance

Vacation pay

Vacation pay is recorded on the accrual basis. The vacation pay liability at March 31 is reflected as a payable in the statements. The receivable from government relating to the vacation pay will not be recorded until the vacation liability is settled.

Repayment to/from funders

Reimbursement of operational funding over approved expenditures and payment for approved expenditures over operational funding as determined by the funder are reflected through the unrestricted net asset balance in the year of payment or reimbursement.

Pre-retirement leave

Pre-retirement leave is recorded on the accrual basis. The receivable and the corresponding liability have been reflected in the statements.

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Notes to Financial Statements
March 31, 2001

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3. Capital assets:

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Land	$ 542,743	-	542,743	542,743
Buildings	3,072,656	1,682,254	1,390,402	1,495,159
Equipment	950,868	745,614	205,254	204,585
	$ 4,566,267	2,427,868	2,138,399	2,242,487

4. Long-term debt:

	2001	2000
Toronto Dominion Bank, first mortgage, monthly payments of $2,500 plus interest at prime minus 1/2%	$ 97,500	127,500
Less current portion included in current liabilities	30,000	30,000
	$ 67,500	97,500

5. Deferred contributions:

	2001	2000
Grant from Winnipeg Foundation		
Balance, beginning of year	$ 28,881	28,881
Grant received	-	-
Less expenditures during the year	11,321	-
Balance, end of year	17,560	28,881
Grant from Manitoba Adolescent Treatment Centre Foundation Inc.		
Balance, beginning of year	-	18,759
Grant received	-	25,000
Less expenditures during the year	-	43,759
	-	-
	$ 17,560	28,881

6. Deferred contributions relating to capital assets:

	2001	2000
Balance, beginning of year	$ 1,404,912	1,400,659
Capital funding received	35,000	111,512
Amortization of deferred contributions	(126,071)	(107,259)
	$ 1,313,841	1,404,912

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Schedule I - Schedule of Program Operations
for the year ended March 31, 2001

		Hospital Services	Community Child and Adolescent Treatment Services	Acute Treatment and Consultation Team	Youth Forensic Services	Educational Psychiatric Services	Total 2001	Total 2000
Income								
Winnipeg Regional Health Authority	$	4,530,676	1,360,080	431,208	350,520	653,580	7,326,064	6,134,757
Province of Manitoba		-	-	-	25,000	-	25,000	27,884
Winnipeg School Division No. 1		-	-	-	-	37,276	37,276	39,348
Other		84,736	-	-	-	-	84,736	44,606
		4,615,412	1,360,080	431,208	375,520	690,856	7,473,076	6,246,595
Expenditures								
Program								
Salaries and wages		3,346,456	1,006,632	294,239	285,246	422,965	5,355,538	4,451,449
Employee benefits		457,213	119,482	38,481	33,419	44,845	693,440	555,629
Health and Education levy		75,036	19,003	6,255	6,398	8,642	115,334	95,361
Accounting services		5,537	2,088	1,123	966	733	10,447	12,348
Professional and membership fees		19,735	1,500	2,181	1,656	10,648	35,720	28,982
Purchased services		140,808	98,854	25,385	-	193,925	458,972	419,462
Long-term debt interest		-	7,836	-	-	-	7,836	8,569
Other supplies and operating costs		534,817	96,663	31,333	16,150	8,670	687,633	648,690
		4,579,602	1,352,058	398,997	343,835	690,428	7,364,920	6,220,490
Capital								
Principal repayment of long-term debt		-	30,000	-	-	-	30,000	30,000
Total expenditures		4,579,602	1,382,058	398,997	343,835	690,428	7,394,920	6,250,490
Excess (deficiency) of income over expense for the year	$	35,810	(21,978)	32,211	31,685	428	78,156	(3,895)

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Agricultural Credit Corporation

We have audited the balance sheet of The Manitoba Agricultural Credit Corporation as at March 31, 2001, the statement of revenue and expenditure and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 29, 2001

The Manitoba Agricultural Credit Corporation

Balance Sheet

As at March 31, 2001

	2001 $ (000s)	2000 $ (000s)
Assets		
Cash (Note 3)	$ 7,382	$ 11,750
Receivables (Notes 2 and 6)		
Mortgages (Note 4)	270,641	263,252
Other (Note 5)	17,910	16,967
Long-term funding commitments - Province of Manitoba (Note 7)	4,940	4,591
Real estate (Notes 2 and 12)	2,184	3,432
	$ 303,057	$ 299,992
Liabilities and Deficit		
Accounts payable		
Province of Manitoba	$ 0	$ 72
Unearned real estate revenue	32	124
Other	1,068	867
Provision for Young Farmer Rebate	511	1,144
Provision for losses on guaranteed loans (Notes 2 and 11)	6,862	5,751
Provision for employee pension benefits (Notes 2 and 9)	4,711	4,362
Advances from Province of Manitoba (Note 8)	314,545	310,707
	327,729	323,027
Deficit		
Balance, beginning of year	(23,035)	(17,763)
Excess of expenditure over revenue	(1,637)	(5,272)
Balance, end of year (Note 17)	(24,672)	(23,035)
	$ 303,057	$ 299,992

Contingent Liabilities (Note 11)

APPROVED BY THE BOARD

DIRECTOR

Bill Uruski, Chair

Sandy Yanick DIRECTOR

Sandy Yanick, Vice-Chair

The Manitoba Agricultural Credit Corporation

Statement of Revenue and Expenditure

for the year ended March 31, 2001

	2001 $ (000s)	2000 $ (000s)
Revenue		
Interest		
Mortgages	$ 20,075	$ 19,098
Other	1,453	1,198
Cash on deposit with Province of Manitoba	556	494
	22,084	20,790
Province of Manitoba – Net Funding (Note 15)	3,832	3,870
Services donated by Province of Manitoba (Note 2)	130	94
Real estate (Note 10)	534	831
Change in provision for decline in real estate values (Note 12)	40	(50)
Other	823	43
	27,443	25,578
Expenditure		
Administration costs		
Salaries (Note 2)	3,479	3,265
Impaired loan losses (Notes 2 and 6)	757	4,148
Change in provision for losses on guaranteed loans	1,203	1,214
Assistance under the Manitoba Farm Mediation Board program	73	53
Young Farmer Rebate	1,562	1,322
Flood proofing initiative		
Administration	159	214
Provision	0	158
Other administration costs	1,751	1,444
	8,984	11,818
Financing charges		
Interest on advances from Province of Manitoba	20,096	19,032
	29,080	30,850
Excess of expenditure over revenue	$ 1,637	$ 5,272

The Manitoba Agricultural Credit Corporation

Statement of Cash Flows

for the year ended March 31, 2001

	2001 $ (000s)	2000 $ (000s)
Cash Provided By (Used for)		
Operating activities		
Excess of expenditure over revenue	$ (1,637)	$ (5,272)
Items not involving cash		
Change in provision for impaired loan losses	566	3,948
Change in provision for flood proofing loan losses	0	158
Gain on disposal of real estate	(347)	(594)
Change in provision for decline in real estate value	(40)	50
Change in provision for Young Farmer Rebate	(633)	51
Change in provision for losses on guaranteed loans	1,111	1,116
Change in provision for employee pension benefits	348	290
Mortgage loans disbursed	(38,446)	(93,188)
Mortgage principal received	31,383	42,400
	(6,058)	(45,769)
Increase in other receivables	(1,676)	(1,941)
Increase in mortgage receivables	(508)	(2,262)
Increase (Decrease) in accounts payable	38	(94)
	(2,146)	(4,297)
Cash used for operating activities	(9,841)	(55,338)
Investing activities		
Proceeds from real estate disposals	1,783	2,051
Real estate acquisitions	(148)	(229)
Cash provided by investing activities	1,635	1,822
Financing activities		
Advances received from Province of Manitoba	65,770	108,845
Advances repaid to Province of Manitoba	(61,932)	(57,027)
Cash provided by financing activities	3,838	51,818
Net decrease in cash	(4,368)	(1,698)
Cash, beginning of year	11,750	13,448
Cash, end of year	$ 7,382	$ 11,750

1. Nature of Operations

The Manitoba Agricultural Credit Corporation was incorporated under The Agricultural Credit Corporation Act of Manitoba. Under this Act, the corporation provides and administers financial assistance to farmers to assist in the development of farms in Manitoba.

2. Significant Accounting Policies

a) Basis of Accounting

The corporation follows generally accepted accounting principles.

b) Allowances for Impaired Loans

The allowances for impaired loans are determined annually by a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectibility of principal or interest, specific allowances are established for individual accounts. These accounts are valued at the lower of their recorded value and the estimated net realizable value of the security held for the accounts.

In addition to the allowances for impaired loans identified on an individual loan basis, the corporation establishes a further allowance for impaired loans. This additional allowance for loan impairment represents management's best estimate of probable losses in its entire loan portfolio, due to potential future declines in the value of the real estate taken as the underlying security for these loans.

Current year provisions for impaired loans are charged to administration expenditure as impaired loan losses. Actual accounts written off by Board resolution are charged to the allowances for impaired loans.

c) Provision for losses on guaranteed loans

The provisions for losses on guaranteed loans are determined annually by a review of individual guarantees. The provisions represent management's best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees. These provisions would cover principal, accrued and unpaid interest, and amounts recoverable.

Current year provisions for losses on guaranteed loans are charged to administration expenditure. Actual claims paid are charged to the provisions for losses on guaranteed loans. Recoveries are credited against current year's expenditure.

2. Significant Accounting Policies (continued)

d) Real Estate Acquired in Settlement of Loans

Real estate that is acquired in settlement of loans through foreclosures and voluntary transfers of title is recorded at the lower of the recorded value of the loan and the appraised value of the real estate at acquisition date. Subsequent declines or increases in estimated realizable value are not recorded. Real estate is stated net of a provision for decline in real estate value.

e) Real Estate Under Long-Term Lease

Real estate that was acquired under the land lease program for long-term leases is recorded at cost.

f) Pension Plan

Employees of the Corporation are pensionable under the Civil Service Superannuation Act. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation.

g) Donated Services

The Province of Manitoba provides certain administrative services at no charge to the corporation. The estimated fair value of $130,330 for these services is included in salaries expenditure and donated services revenue in these financial statements.

h) Measurement Uncertainty – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash

	2001 **(000s)**	2000 (000s)
Cash on hand and in bank	**$ 1,174**	$ 976
Cash on deposit with Province of Manitoba	**6,208**	10,774
	$ 7,382	$ 11,750

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4. Mortgages Receivable

		2001 (000s)	2000 (000s)
Amounts are due over the following terms:			
1 year	- Accrued interest	$ 12,432	$ 11,691
	- Arrears	1,959	2,304
	- Prepayments	(11,321)	(10,029)
	- Regular instalments	22,153	20,319
		25,223	24,285
2 years	- Regular instalments	22,792	21,288
3 years	- Regular instalments	23,289	21,825
4 years	- Regular instalments	23,851	22,129
5 years	- Regular instalments	22,919	22,363
Over 5 years	- Regular instalments	169,084	167,699
		287,158	279,589
Less: Allowance for impaired loans		16,517	16,337
		$ 270,641	$ 263,252

5. Other Receivables

	2001 (000s)	2000 (000s)
Stocker program advances	$ 18,122	$ 16,335
Flood proofing initiative	3,344	3,998
Lease revenue	121	166
Sale of real estate	241	4
Miscellaneous	9	6
	21,837	20,509
Less: Allowance for impaired loans	3,927	3,542
	$ 17,910	$ 16,967

6. Allowances for Impaired Loans

	2001 (000s)	Provision	Write Offs	2000 (000s)
Mortgages	$ 16,517	$ 339	$ 159	$ 16,337
Stocker program advances	2,697	435	31	2,293
Other	88	(17)	1	106
	2,785	418	32	2,399
	$ 19,302	$ 757	$ 191	$ 18,736

7. Long-term funding commitments – Province of Manitoba

	2001 (000s)	2000 (000s)
Employee Severance	$ 229	$ 229
Employee Pension Benefits	4,711	4,362
	$ 4,940	$ 4,591

8. Advances from Province of Manitoba

In accordance with Province of Manitoba practices, the corporation may elect to repay advances or portions of advances prior to maturity.

	2001 (000s)	2000 (000s)
Advances are repayable in equal annual blended instalments of principal and interest, with interest rates from 5.050% to 8.000%. Maturities of principal by fiscal year are as follows:		
2001	$ –	$ 51,743
2002	52,417	23,051
2003	25,322	23,891
2004	25,818	24,320
2005	24,484	22,917
2006	23,053	21,414
2007 through 2026	163,451	143,371
	$ 314,545	$ 310,707

9. Provision for employee pension benefits

Corporation employees are eligible for defined benefit pensions under The Manitoba Civil Service Superannuation Act. In accordance with the provisions of this Act, the corporation contributes 50% of the pension disbursements made to retired employees.

Actuarial valuations are to be carried out every three years to provide an estimate of the accrued liability for unfunded pension benefits. The most recent actuarial valuation was performed as at December 31, 1998. Based on the 1998 valuation for "Future Indexing", the actuarial liability for unfunded pension benefits is estimated to be $4,710,100 at March 31, 2001 (2000 - $4,361,934).

10. Real estate revenue

	Proceeds (000s)	Book Value	2001 (000s)	2000 (000s)
Sales to lessees	$ 1,249	$ 958	$ 291	$ 507
Sales by public tender	534	478	56	87
	$ 1,783	$ 1,436		
Net gain on sale of real estate			347	594
Lease revenue from real estate acquired in settlement of loans and from long-term leases			216	289
Other revenue			2	2
Interest revenue			15	21
			580	906
Less: Real estate carrying costs			46	75
			$ 534	$ 831

11. Contingent Liabilities

a) The corporation introduced the Guaranteed Operating Loan Program beginning April 1, 1983. The corporation guarantees each participating lending institution 12 1/2% of the respective total value of loans made under this program. As of March 31, 2001, the corporation's contingent liability amounted to $9,365,631 (2000 - $9,432,656). Based on management's best estimate of probable losses, the corporation has made a provision for this contingency in the amount of $2,264,063 (2000 - $2,351,586). The corporation adjusts the provision to the level regarded by management as appropriate through a current provision charged or credited to administration expenditure for the year.

b) The Manitoba Cattle Feeder Associations Loan Guarantee Program was introduced jointly by Manitoba Agriculture and Food and The Manitoba Agricultural Credit Corporation in November 1991. In September 1997, The Manitoba Agricultural Credit Corporation assumed responsibility for administration of the program. For each association, the corporation provides a guarantee to the lending institutions, based on 25% of the amount of the loan to a maximum guarantee of $1,250,000. As of March 31, 2001 the corporation's contingent liability amounted to $6,973,027 (2000 - $5,600,261). Based on management's best estimate of probable losses, a provision has been made for this contingency in the amount of $1,743,257 (2000 - $1,400,065).

11. Contingent Liabilities (continued)

c) The Diversification Loan Guarantee Program was introduced in December 1995, to provide guarantees on loans made by participating lenders, for diversification or farm value-added activities. On qualifying individual loans up to a maximum of $3,000,000, the corporation will guarantee 25%, up to $750,000 per loan. As at March 31, 2001, the corporation's contingent liability under this program amounted to $19,033,264 (2000 - $13,330,764). Based on management's best estimate of probable losses on this program, the corporation has established a provision in the amount of $2,854,989 (2000 - $1,999,615).

d) The corporation has guaranteed performance bonds of certain agricultural marketing agencies in the amount of $243,842 (2000 - $413,794). No provision for this contingency has been made in the financial statements. Any payments arising from claims under these guarantees will be recorded as an expense in the period the claims occur.

e) As at March 31, 2001 the corporation had approved but not disbursed mortgages and other loans in the amount of $20,727,006 (2000 - $19,649,343).

12. Real estate

Based on a review of its current real estate portfolio, the corporation has established a provision of $72,255 for 2001 (2000 - $112,565) to provide for future declines in real estate values. This provision represents management's best estimate of probable losses on sale of real estate.

	2001 **(000s)**	2000 (000s)
Real Estate	**$ 2,256**	$ 3,544
Provision for decline in real estate values	72	112
	$ 2,184	$ 3,432

13. Interest Paid and Received

During the year, the corporation received interest of $21,195,029 (2000 - $18,323,787) and paid interest of $20,096,341 (2000 - $19,032,232).

14. Related Party Transactions

The corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

15. Revenue – Province of Manitoba

	2001 (000s)	2000 (000s)
Grant	$ 3,484	$ 3,580
Increase in long-term funding commitment	348	290
	$ 3,832	$ 3,870

16. Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 financial statement presentation.

17. Economic Dependence

The corporation is economically dependent on the Province of Manitoba.

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

Auditors' Report

To the Members of the Board
Manitoba Arts Council
Winnipeg, Manitoba

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2001 and the statements of revenues, expenditures and fund balance for the Grants and Programs Fund and Manitoba Artists' Bank Fund for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2001 and the results of its operations and its cash flows for the year ended in accordance with Canadian generally accepted accounting principles

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 24, 2001

MANITOBA ARTS COUNCIL

Balance Sheet

As at March 31, 2001

	Grants & Programs Fund	Bridges Fund	2001 Total	2000 Total
ASSETS				
Current				
Cash and investments (note 3)	$1,618,479	$ -	$1,618,479	$1,559,094
Accrued interest income	31,045	-	31,045	36,428
Accounts receivable	3,150	-	3,150	2,231
Recoverable, Province of Manitoba (note 12)	36,000	-	36,000	36,000
Prepaid expenses	9,792	-	9,792	7,362
	1,698,466	-	1,698,466	1,641,115
Long term investment (note 4)	500,000	-	500,000	500,000
Musical instruments	104,796	-	104,796	104,796
Works of visual art	344,226	-	344,226	344,226
Capital assets (note 5)	45,410	-	45,410	32,222
Interfund balances	(897,062)	897,062	-	-
TOTAL ASSETS	$1,795,836	$897,062	$2,692,898	$2,622,359
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	136,695	1,973	138,668	131,298
Commitments for grants and programs	900,311	518,621	1,418,932	1,481,001
Deferred grant revenue (note 7)	-	350,000	350,000	236,228
	1,037,006	870,594	1,907,600	1,848,527
Investments in musical instruments and works of visual art	449,022	-	449,022	449,022
	1,486,028	870,594	2,356,622	2,297,549
Fund Balances				
Invested in capital assets	45,410	-	45,410	32,222
Unrestricted	264,398	26,468	290,866	292,588
	309,808	26,468	336,276	324,810
TOTAL LIABILITIES AND FUND BALANCES	$1,795,836	$897,062	$2,692,898	$2,622,359

On behalf of Council

Chair

Executive Director

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL

Statement of Revenues and Expenditures

For the year ended March 31, 2001

	Grants & Programs Fund	Bridges Fund	2001 Total	2000 Total
REVENUES				
Province of Manitoba - Operating Grant (note 9)	$7,317,300	$ -	$7,317,300	$7,317,300
Province of Manitoba - Bridges Grant	-	761,228	761,228	638,772
Investment income	176,156	-	176,156	136,661
Other	-	-	-	1,380
	7,493,456	761,228	8,254,684	8,094,113
EXPENDITURES				
ORGANIZATIONS				
Operating Grants				
Arts Training Schools	141,000	7,000	148,000	141,000
Arts Service Organizations	114,500	5,725	120,225	114,500
Dance Companies	710,000	35,000	745,000	710,000
Music Organizations	1,092,500	49,084	1,141,584	1,092,500
Theatre Companies	1,194,000	59,700	1,253,700	1,194,000
Visual Arts Organizations	80,000	4,000	84,000	75,000
Book Publishers	194,000	9,700	203,700	187,500
Periodical Publishers	201,000	10,050	211,050	201,446
	3,727,000	180,259	3,907,259	3,715,946
Annual Grants				
Dance Companies	164,500	8,225	172,725	164,500
Music Organizations	118,000	5,900	123,900	115,000
Theatre Companies	147,500	7,375	154,875	147,500
Visual Arts Organizations	490,500	26,975	517,475	501,500
Arts Service Organizations	55,000	2,750	57,750	60,500
	975,500	51,225	1,026,725	989,000
Presentation	246,449	-	246,449	303,241
	4,948,949	231,484	5,180,433	5,008,187
INDIVIDUALS				
Professional Development	170,405	-	170,405	171,320
Creation and Production	792,420	-	792,420	766,722
	962,825	-	962,825	938,042
ARTS DEVELOPMENT				
Residencies	202,707	-	202,707	205,970
Bridges	-	225,177	225,177	600,011
Touring	137,061	-	137,061	130,011
Arts Opportunities	124,525	-	124,525	-
Other	135,000	3,750	138,750	197,783
Arts Stabilization	-	200,000	200,000	-
	599,293	428,927	1,028,220	1,133,775
	6,511,067	660,411	7,171,478	7,080,004
Arts Program Delivery (See schedule)	569,162	34,349	603,511	589,713
	7,080,229	694,760	7,774,989	7,669,717
Administrative Expenditures (See schedule)	495,574	-	495,574	498,197
	7,575,803	694,760	8,270,563	8,167,914
Rescinded commitments	(27,345)	-	(27,345)	(39,399)
Total expenditures	7,548,458	694,760	8,243,218	8,128,515
Excess revenues (expenditures) for the year	$ (55,002)	$ 66,468	$ 11,466	$ (34,402)

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL

Statement of Changes in Fund Balances

For the year ended March 31, 2001

	Grants & Programs Fund	Bridges Fund	2001 Total	2000 Total
Fund Balances, Beginning of Year	**$324,810**	**$ -**	**$324,810**	**$359,212**
Excess revenues (expenditures) for the year	(55,002)	66,468	11,466	(34,402)
Interfund transfer	40,000	(40,000)	-	-
Fund Balances, End of Year	**$ 309,808**	**$ 26,468**	**$ 336,276**	**$ 324,810**

MANITOBA ARTS COUNCIL

Notes to Financial Statements

For the year ended March 31, 2001

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts Council in 1965 to " . . . promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(b) Fund Accounting

The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Programs Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.

(ii) Bridges Fund

This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development.

(c) Revenue Recognition

The Council follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue in the appropriate fund when received or receivable. Restricted revenues are recognized as revenue in the fiscal year in which related expenses are incurred.

(d) Grant Commitments

Grants and programs are reflected as expenditures when funding is formally approved and committed by Council. Cancellations of prior years' grant expenditures are reflected as rescinded grant commitments.

(e) Controlled Entities

The Manitoba Arts Council Foundation Inc., a registered charity (public foundation) is not consolidated in these financial statements. The Manitoba Arts Council provides administrative support for the Foundation. The value of these donated services are not recorded in these financial statements.

(f) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis based on the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
Computer hardware and software	3 years

(g) Investments

Investments are recorded at cost plus accrued interest income which approximates market value.

(h) Musical instruments and works of visual art

Musical instruments and works of visual art are shown on the Balance Sheet as assets at cost with an offsetting credit to investments in musical instruments and works of visual art.

(i) Financial Instruments

The Council's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities and unpaid commitments for grants and programs. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

3. Cash and Market Investments

	2001		2000	
	Cost	Market	Cost	Market
Cash	$ 44,614	$ 44,614	$ 100,059	$ 100,059
Short Term Investments				
Province of Manitoba trust certificate, yielding 5.25 percent, maturing June 30, 2000	-	-	263,075	263,075
Province of Manitoba trust certificate, yielding 4.85 percent, maturing April 5, 2001	279,000	279,000	-	-
Royal Bank Bankers Acceptance, yielding 4.99 percent, maturing April 4, 2001	1,294,865	1,299,103	-	-
Royal Bank Bankers Acceptance, yielding 5.10 percent, maturing April 14, 2000	-	-	995,960	997,980
Manitoba Builder Bonds, redeemable twice annually, yielding 5.5 percent, maturing June 15, 2000	-	-	200,000	207,740
	$1,618,479	$1,622,717	$1,559,094	$1,568,854

4. Long Term Investments

	2001		2000	
	Cost	Market	Cost	Market
Royal Bank Senior Deposit Note, yielding 6.05 percent, due May 26, 2001 extendible to May 26, 2010	$ 500,000	$ 508,776	$ 500,000	$ 494,692

5. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$ 9,579	$ 7,360	$ 2,219	$ 430
Computer hardware and software	244,751	201,560	43,191	31,792
	$254,330	$ 208,920	$ 45,410	$32,222

6. Works of Visual Art

During the fiscal year ended March 31, 1998, the Manitoba Arts Council completed a move of selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Arts Council Foundation Inc. awarded a grant to the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba will end January 2002.

7. Deferred Grant Revenue

Deferred revenue comprises $350,000 (1999 - $236,228) unexpended funds targeted for the Bridges program as follows:

Community Connections	$250,000
Management & Governance Project	$100,000

8. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2002. The basic annual rent is $61,156. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

9. Funding Agreement

The funding agreement with the Province of Manitoba establishes the terms and conditions of funding for five years ended March 31, 2000. During the term of the agreement, Council was entitled to retain proceeds up to $1,000,000 from the Province of Manitoba. Any proceeds retained in excess of $1,000,000, except for proceeds exempted in the funding agreement, shall be repaid to the Province of Manitoba on demand. As at March 31, 2001, the Council was in discussions with the Province of Manitoba regarding the terms of a new Funding Agreement. In accordance with the previous funding agreement, there were no proceeds repayable to the Province of Manitoba.

10. Manitoba Arts Council Foundation Inc.

The Manitoba Arts Council controls the Manitoba Arts Council Foundation Inc. The Foundation was established in 1995 to foster new artistic activity by responding to artistic innovation with financial innovation, and to create a lasting legacy for the arts in Manitoba. The Foundation is incorporated under The Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The board of directors currently consists of six charter members, all of whom are members in good standing of the Manitoba Arts Council, and one general member.

As a result of an agreement dated May 31, 1995 between the Manitoba Arts Council, The Winnipeg Foundation and the Manitoba Arts Council Foundation Inc., the Manitoba Arts Council Fund and the John Stephen Hirsch Fund were terminated and the assets were transferred to The Winnipeg Foundation. The Winnipeg Foundation will hold those assets in the Manitoba Arts Council Endowment Fund and the John Stephen Hirsch Fund.

As part of the above agreement, the Manitoba Arts Council Foundation Inc. has a contractual right to receive, in perpetuity, the net income from the Manitoba Arts Council Endowment Fund and the John Stephen Hirsch Fund. Ownership of the units of The Winnipeg Foundation's Consolidated Trust Fund now vest, in perpetuity, with The Winnipeg Foundation. Details of these funds as at January 31, 2001 are as follows:

	Manitoba Arts Council Endowment Fund	John Stephen Hirsch Funds	Total
Capital Contributions	$563,679	$52,446	$616,125
Fair Value	$853,188	$79,068	$932,256

Financial statements of the Manitoba Arts Council Foundation Inc. are available on request. A financial summary of the Manitoba Arts Council Foundation Inc. as at March 31 is as follows:

	Financial Position			Results of Operations	
	2001	2000		2001	2000
Total assets	$103,536	$83,231	Total revenues	$47,307	$40,815
Total liabilities	21,281	18,031	Total expenditures	30,252	40,238
Total net assets	$ 82,255	$65,200	Excess of revenues over expenditures	$17,055	$ 577

11. Pension Plan

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The employees and the Council contribute equally to the cost of the plan. The Council participates on a fully funded basis, and its contributions of $10,081 (2000 - $9,469) represent the total obligations for the year.

12. Severence Liability

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record severance liability. The Province of Manitoba will recognize an opening liability as at April 1, 1998 ($36,000) to Crown organizations. Any subsequent changes to the severance liaibility will be the responsibility of Council. As at March 31, 2001, Council recorded a liability of $45,000 (2000 - $41,000).

13. Statement of Cash Flows

The financial statements of the Manitoba Arts Council do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

14. Economic Dependence

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.

15. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

MANITOBA ARTS COUNCIL

Schedule of Administrative Expenditures

For the year ended March 31, 2001

	Grants & Programs Fund 2001 Total	Grants & Programs Fund 2000 Total
Salaries and benefits	$301,897	$333,694
Council meetings	66,325	40,095
Amortization	32,818	34,438
Rent	30,014	32,414
Postage, courier and telephone	18,255	17,575
Office supplies, printing and stationery	17,975	14,593
Staff travel and expenses	11,029	8,994
Professional fees	6,691	4,750
Equipment repairs and maintenance	5,309	6,421
Insurance & Sundry	5,261	4,581
	495,574	497,555
Other Administrative Expenditures		
Contribution to Manitoba Arts Council Foundation Inc.	-	642
Total Administrative Expenditures	$495,574	$498,197

MANITOBA ARTS COUNCIL

Schedule of Arts Program Delivery Expenditures

For the year ended March 31, 2001

	Grants & Programs Fund	Bridges Fund	2001 Total	2000 Total
Salaries and benefits	$409,654	$10,049	$419,703	$347,281
Jurors' fees and expenses	71,619	76	71,695	84,094
Communication	35,477	20,080	55,557	31,311
Community consultations	3,630	4,092	7,722	74,285
Rent	34,524	-	34,524	36,103
Postage, courier and telephone	7,162	52	7,214	8,912
Office supplies	2,253	-	2,253	2,600
Staff travel and expenses	4,843	-	4,843	5,127
	$569,162	$34,349	$603,511	$589,713

KWB

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AUDITORS' REPORT

To the Board of Commissioners
Manitoba Boxing Commission
Winnipeg, Manitoba

We have audited the balance sheet of Manitoba Boxing Commission as at March 31, 2001 and the statement of income and surplus for the year then ended. These financial statements are the responsibility of the Commissioners. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The organization derives revenue from commissions, licenses and permits, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expense, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Knowles, Warkentin & Bridges

July 10, 2001

MANITOBA BOXING COMMISSION
BALANCE SHEET
March 31, 2001

	2001	2000
ASSETS		
Current Assets		
Cash	$ 1,058	$ 2,391
Accounts receivable	531	1,523
Prepaid expenses	300	300
	$ 1,889	$ 4,214
LIABILITIES AND SURPLUS (DEFICIT)		
Current Liabilities		
Accounts payable	$ 2,309	$ 1,600
Performance bond deposits - Note 3	1,000	1,000
	3,309	2,600
Surplus (Deficit)	(1,420)	1,614
	$ 1,889	$ 4,214

MANITOBA BOXING COMMISSION
STATEMENT OF INCOME AND SURPLUS
Year ended March 31, 2001

	2001	2000
Revenue		
Commissions, licenses and permits	$ 1,241	$ 739
Grant - Province of Manitoba	19,500	14,700
Other income	300	21
	21,041	15,460
Operating expenses		
Card expenses - boxing	6,285	1,586
Conferences and meetings	6,139	4,795
Dues, fees and subscriptions	300	675
Honoraria	8,150	3,700
Office	501	193
Professional fees	1,500	1,700
Public relations	813	813
Tickets	387	-
	24,075	13,462
Net income (loss)	(3,034)	1,998
Surplus (deficit), beginning of year	1,614	(384)
Surplus (deficit), end of year	($ 1,420)	$ 1,614

MANITOBA BOXING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Purpose of the Organization

The Manitoba Boxing Commission is a commission, pursuant to the Boxing Commission Act, Cap. B80, C.C.S.M., of the Province of Manitoba. The purpose of the organization is to regulate professional boxing matches in the Province of Manitoba in accordance with regulations as set down in the Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting policies for not-for-profit organizations.

3. Economic Dependence

The Commission is economically dependent on the Province Of Manitoba which provides funding through an annual grant.

4. Cash Flows

The statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

KWR

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
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Suite 2300
Winnipeg Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
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June 1, 2001

Auditors' Report

To the Members of
The Manitoba Cancer Treatment and Research Foundation
(carrying on its undertakings under the name of CancerCare Manitoba)

We have audited the statement of financial position of **The Manitoba Cancer Treatment and Research Foundation** as at March 31, 2001 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of The Manitoba Cancer Treatment and Research Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Cancer Treatment and Research Foundation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

The Manitoba Cancer Treatment and Research Foundation

Statement of Financial Position

As at March 31, 2001

						2001	2000
	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	Total $	Total $
Assets							
Current assets							
Cash and short-term investments	2,589,440	-	-	20,016,443	216,705	22,822,588	1,940,105
Due from Manitoba Health (note 4)	3,211,351	-	-	-	-	3,211,351	1,874,600
Accounts receivable	168,370	-	-	-	1,248,521	1,416,891	1,453,504
Interfund accounts	1,177,715	-	-	(1,594,057)	416,342	-	-
Prepaid expenses	162,637	-	-	-	-	162,637	789,203
Deferred charges	3,236,588	-	-	-	-	3,236,588	1,998,203
	10,546,101	-	-	18,422,386	1,881,568	30,850,055	8,055,615
Investments (note 2)	-	-	-	-	1,642,538	1,642,538	17,833,170
Capital assets (note 7)	6,610,575	-	-	41,235,691	492,565	48,338,831	35,246,160
	17,156,676	-	-	59,658,077	4,016,671	80,831,424	61,134,945
Liabilities and Deferred Contributions							
Current liabilities							
Accounts payable and accrued liabilities (note 8)	7,564,105	-	-	19,680,432	-	27,244,537	9,796,307
Current portion of long-term debt	-	-	-	921,048	-	921,048	-
Deferred contributions (note 9)							
Expenses of future periods	1,475,192	-	-	-	-	1,475,192	1,097,512
Capital assets	6,687,023	-	-	22,477,645	-	29,164,668	24,839,856
	15,726,320	-	-	43,079,125	-	58,805,445	35,733,675
Long-term debt (note 10)	-	-	-	16,578,952	-	16,578,952	5,624,881
	15,726,320	-	-	59,658,077	-	75,384,397	41,358,556
Fund Balances							
Invested in capital assets	-	-	-	-	492,565	492,565	372,933
Externally restricted (note 11)	-	-	-	-	1,494,780	1,494,780	4,719,667
Internally restricted	-	-	-	-	2,029,326	2,029,326	13,376,124
Unrestricted	1,430,356	-	-	-	-	1,430,356	1,307,665
	1,430,356	-	-	-	4,016,671	5,447,027	19,776,389
	17,156,676	-	-	59,658,077	4,016,671	80,831,424	61,134,945

Approved on Behalf of the Foundation ____________, Member ____________, Member

PRICEWATERHOUSECOOPERS

The Manitoba Cancer Treatment and Research Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2001

	2001						2000
	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	Total $	Total $
Revenue							
Manitoba Health	31,574,013	-	-	-	-	31,574,013	25,929,721
Other recoveries	420,742	-	-	-	-	420,742	586,366
Donations and fundraising	-	-	-	-	-	-	36,514
Investment income	122,691	-	-	-	148,538	271,229	1,011,143
Grants received	-	-	-	-	4,856,040	4,856,040	4,049,414
Amortization of deferred contributions	2,128,748	-	-	1,150,553	-	3,279,301	1,724,644
	34,246,194	-	-	1,150,553	5,004,578	40,401,325	33,337,802
Expenses							
Compensation	21,243,306	-	-	-	2,123,884	23,367,190	19,876,817
Building occupancy	997,681	-	-	-	-	997,681	473,948
Amortization of capital assets	2,128,748	-	-	1,150,553	101,641	3,380,942	1,798,558
General administration	3,382,632	-	-	-	788	3,383,420	2,830,129
Equipment rentals and maintenance	944,187	-	-	-	-	944,187	680,404
Supplies and other departmental expenses	1,739,213	-	-	-	2,596,005	4,335,218	2,602,377
Drugs	4,897,361	-	-	-	-	4,897,361	2,952,601
Referred-out services	997,831	-	-	-	-	997,831	790,224
Cell biology	-	-	-	-	-	-	932,247
Research grants and awards	-	-	-	-	-	-	1,160,462
	36,330,959	-	-	1,150,553	4,822,318	42,303,830	34,097,767
	(2,084,765)	-	-	-	182,260	(1,902,505)	(759,965)
Additional recoveries from Manitoba Health	2,207,456	-	-	-	-	2,207,456	688,114
Excess (deficiency) of revenue over expenses for the year	122,691	-	-	-	182,260	304,951	(71,851)
Fund balance - Beginning of year	1,307,665	13,270,948	1,363,365	-	3,834,411	19,776,389	19,848,240
Transfer to CancerCare Manitoba Foundation Inc. (note 2)	-	(13,270,948)	(1,363,365)	-	-	(14,634,313)	-
Fund balance - End of year	1,430,356	-	-	-	4,016,671	5,447,027	19,776,389

The Manitoba Cancer Treatment and Research Foundation

Statement of Cash Flows

For the year ended March 31, 2001

	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	2001 Total $	2000 Total $
Cash provided by (used in)							
Operating activities							
Excess (deficiency) of revenue over expenses for the year	122,691	-	-	-	182,260	304,951	(71,851)
Amortization of capital assets	2,128,748	-	-	1,150,553	101,641	3,380,942	1,798,558
Amortization of deferred contributions related to capital assets	(2,128,748)	-	-	(1,150,553)	-	(3,279,301)	(1,724,644)
Loss (gain) on disposal of investments	-	-	-	-	(88,695)	(88,695)	40,967
Amortization of deferred contributions related to expenses of future periods	(53,704)	-	-	-	-	(53,704)	(12,267)
Net change in non-cash working capital items	302,646	-	-	15,873,857	(640,230)	15,536,273	3,473,566
	371,633	-	-	15,873,857	(445,024)	15,800,466	3,504,329
Financing and investing activities							
Interfund transfers	2,049,933	-	-	(1,123,879)	723,288	1,649,342	-
Additions to capital assets	(2,112,157)	-	-	(10,058,215)	(221,273)	(12,391,645)	(21,759,811)
Deferred contributions related to capital assets	1,158,233	-	-	1,986,665	-	3,144,898	1,557,019
Deferred contributions related to expenses of future period	808,631	-	-	-	-	808,631	2,059,516
Additions to investments	-	-	-	-	(706,696)	(706,696)	(2,333,432)
Proceeds on disposal of investments	-	-	-	-	702,368	702,368	10,447,017
Proceeds from long-term debt	-	-	-	11,875,119	-	11,875,119	5,624,881
	1,904,640	-	-	2,679,690	497,687	5,082,017	(4,404,810)
Increase (decrease) in cash	2,276,273	-	-	18,553,547	52,663	20,882,483	(900,481)
Cash and short-term investments - Beginning of year	313,167	-	-	1,462,896	164,042	1,940,105	2,840,586
Cash and short-term investments - End of year	2,589,440	-	-	20,016,443	216,705	22,822,588	1,940,105

1 Purpose of the organization

The Manitoba Cancer Treatment and Research Foundation is an agency established under The Cancer Treatment and Research Foundation Act and as of October 12, 1999 has been carrying on its undertakings under the name of CancerCare Manitoba. CancerCare Manitoba maintains and co-ordinates a province-wide program for cancer prevention, diagnosis, treatment, education and research.

CancerCare Manitoba is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2 Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Fund accounting

CancerCare Manitoba follows the deferral method of accounting for contributions.

The **General Fund** accounts for CancerCare Manitoba's revenues and expenses related to program delivery and administrative activities.

The **Research Trust Fund** reported restricted resources received from external sources and restricted investment income.

The **George H. Sellers Endowment Fund** was established to promote excellence of medical research related to cancer and thereby to increase knowledge and foster its clinical application by CancerCare Manitoba. Funds were used to support research, students, personnel and projects of CancerCare Manitoba.

The **Building Fund** reports the assets, liabilities, revenues and expenses related to CancerCare Manitoba's building expansion and renovation program.

The **Clinical and Basic Research Fund** reports grants received for specific clinical and basic research projects undertaken by CancerCare Manitoba.

During the year, the fund balances of $13,270,948 from the Reasearch Trust Fund and $1,363,365 from the George H. Sellers Endowment Fund were transferred to CancerCare Manitoba Foundation Inc. (CCMF Inc.).

Revenue recognition

Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue if the appropriate fund when received or receivable if the amount to be received can be estimated and collection as reasonably assured.

Restricted and unrestricted investment income are recognized as revenue of the appropriate fund in the year which the income was earned.

Investments

Investments are recorded at the lower of cost and market value.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded on a straight-line basis over the assets' estimated useful lives, which for equipment is 5 - 15 years.

Included in the Building Fund are costs associated with the planning, design and construction of the new facility which have been recorded at cost. Amortization of the building is recorded on a straight-line basis over 40 years.

Deferred charges

Funding for vacation entitlements and pre-retirement leave is provided by Manitoba Health in the period in which the actual costs are paid. Accordingly, CancerCare Manitoba records a deferred charge equal to the estimated year end vacation pay liability and pre-retirement leave to its employees.

Surplus and deficit

CancerCare Manitoba is entitled to retain any surplus arising from excess of revenue over expenses for activities funded by Manitoba Health for each fiscal year up to a maximum of 2% of net insured patient costs. Any surplus amount in excess of the maximum is returned to Manitoba Health. Any deficits will normally be the responsibility of CancerCare Manitoba.

Contributed services

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Retirement entitlement obligation

CancerCare Manitoba has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

a) have ten years of service and have reached the age of 55; or

b) have reached the age of 65; or

c) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

CancerCare Manitoba records the retirement obligation as a liability. Funding for the retirement entitlement is recoverable from Manitoba Health in the year of payment.

Pension expense

CancerCare Manitoba participates in the Healthcare Employees Pension Plan - Manitoba. Pension expense is equal to CancerCare Manitoba's annual funding of the pension plan.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

3 Change in accounting policies

Fund accounting

During the year, the Foundation changed its accounting policy with respect to the method of fund accounting. Previously, the Foundation used the restricted fund method, whereby contributions were recognized as income in the year that they were received. Effective April 1, 2000 the Foundation adopted the deferral method of fund accounting and applied the method retroactively. The change in policy affected only the Building Fund. The 2000 excess of revenue over expenses of $964,148 and the opening fund balance of $16,595,417, of the Building Fund were reclassified, to deferred contributions.

Retirement entitlement obligations

Effective April 1, 2000, the Foundation changed its accounting policy and adopted the new CICA Handbook Section 3465 recommendations on accounting for employee benefit plans. The recommendations establish new standards for measurement and recognition of pension and other post-employment benefits. Under the new policy, the Foundation records the retirement obligation as a liability. The Foundation has applied the new policy prospectively as there is no effect on the excess (deficiency) of revenue over expenses for the year.

4 Manitoba Health funding

Revenue received from Manitoba Health for net insured patient costs is based on funding levels approved by Manitoba Health annually, adjusted for amounts to be returned to or recovered from Manitoba Health, subject to audit. Certain other items of revenue and expenses are the full responsibility of Manitoba Health. At March 31, 2001, CancerCare Manitoba had a balance of $3,211,351 (2000 - $1,874,600) receivable from Manitoba Health.

5 Manitoba Cancer Foundation Inc.

On April 1, 1999, Manitoba Cancer Foundation Inc. began operations and on November 24, 1999 changed its name to CancerCare Manitoba Foundation Inc. (CCMF Inc.). CCMF Inc.'s sole purpose is to develop resources that support CancerCare Manitoba in providing optimal cancer control services to Manitobans. CCMF Inc. will create, receive, maintain and accumulate funds for distribution on a periodic basis to CancerCare Manitoba to support its activities.

During the year CCMF Inc. contributed funds in the amount of $2,972,026 (2000 - $899,550) to CancerCare Manitoba.

6 Transfer of land and buildings

During the year, the Health Sciences Centre (HSC) transferred title for the land and buildings at 100 Olivia Street from HSC to CancerCare Manitoba. HSC transferred the land for the purchase price of ten dollars, and contributed the buildings, which had a net book value of $4,081,968, to CancerCare Manitoba.

7 Capital assets

			2001	2000
	Cost $	Accumulated amortization $	Net $	Net $
General Fund				
Equipment	15,534,259	8,923,684	6,610,575	6,627,166
Building Fund				
Building construction in progress	41,108,586	952,500	40,156,086	28,246,061
Equipment	1,277,658	198,053	1,079,605	-
Clinical and Basic Research Fund				
Equipment	781,260	288,695	492,565	372,933
	58,701,763	10,362,932	48,338,831	35,246,160

8 Accrued employee benefits

Included in accounts payable and accrued liabilities are the following balances:

	2001 $	2000 $
Vacation accrual	1,132,612	1,033,803
Pre-retirement accrual	1,113,709	964,400
Pension and other post-employment benefits accrued	990,267	-

9 Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent contributions for specific projects and other purposes:

	2001 $	2000 $
Balance - beginning of year	1,097,512	14,411
Add: Amount received related to future periods	808,631	1,095,368
Less: Amounts transferred to capital assets	(377,247)	-
Less: Amounts amortized to revenue	(53,704)	(12,267)
	1,475,192	1,097,512

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of contributions and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2001 $	2000 $
Balance - beginning of year	24,839,856	24,043,333
Additional contributions received	7,226,866	2,521,167
Add: Amounts transferred from expenses of future periods	377,247	-
Less: Amounts amortized to revenue	(3,279,301)	(1,724,644)
	29,164,668	24,839,856

The balance of unamortized capital contributions related to capital assets consists of the following:

	2001 $	2000 $
Unamortized capital contributions used to purchase capital assets	29,088,220	6,627,166
Unspent contributions	76,448	653,125
	29,164,668	7,280,291

10 Long-term debt

On May 1, 1989, CancerCare Manitoba initiated a fundraising campaign aimed at raising capital for the construction of a new building and the renovation and expansion of existing facilities. The Building Fund was created to record the transactions of this project. The Province of Manitoba has committed to a contribution of approximately $31,111,000 towards the project. The total project costs are estimated at approximately $49,436,000 with expected completion of the facility in 2002.

At March 31, 2001, CancerCare Manitoba has $18,300,000 in bankers' acceptances bearing interest at the Commerce Acceptance Rate minus 0.76% and maturing May 8, 2001. On March 31, 2001, CancerCare Manitoba received $17,500,000 from Manitoba Health to be applied against the outstanding bankers' acceptances. The $17,500,000 was advanced in the form of a promissory note, bearing interest at 6.25% and repayable in monthly principal amounts of $76,754 plus interest, commencing April 2001.

The amount of principal payments in each of the next five years and thereafter are as follows:

	$
March 31, 2002	921,048
2003	921,048
2004	921,048
2005	921,048
2006	921,048
Thereafter	12,894,760
	17,500,000

To finance the remaining construction of the new building, CancerCare Manitoba has obtained a line of credit in the amount of $13,611,000. The line of credit is secured by a letter of comfort from Manitoba Health.

11 Externally restricted fund balances

Major categories of externally imposed restrictions on fund balances are as follows:

	2001 $	2000 $
Restricted for specific purposes	1,494,780	2,343,817
Endowments, the income from which must be used for specific purposes	-	2,375,850
	1,494,780	4,719,667

12 Fair value of financial instruments

The carrying value of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

The fair values of investments are measured at the current market rates at March 31, 2001. The fair market value of investments at March 31, 2001 and 2000 is $2,053,572 and $20,527,900, respectively.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Centennial Centre Corporation

We have audited the statement of financial position of The Manitoba Centennial Centre Corporation as at March 31, 2001 and the statement of operations and surplus (deficit) - general fund, the statement of cash flows – general fund and the statement of capital projects for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 16, 2001

MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2001

ASSETS

	2001	2000
GENERAL FUND		
Current Assets		
Cash and bank	$ 157,912	$ 124,867
Term deposits - Province of Manitoba	17,190	25,662
Accounts receivable	307,827	259,510
Operating grant receivable - Province of Manitoba	167,400	-
Capital grants recoverable - Province of Manitoba	47,384	103,626
Inventory	17,242	19,897
Prepaid expenses	15,149	15,598
	730,104	549,160
Non-Current Assets		
Accounts receivable - Pension -Province of Manitoba (Note 6)	3,826,600	3,623,000
Accounts receivable - Vacation - Province of Manitoba (Note 5)	199,964	199,964
Accounts receivable - Severance - Province of Manitoba (Note 4)	307,561	307,561
	4,334,125	4,130,525
Total Assets	5,064,229	4,679,685
RESTRICTED FUNDS (note 7)		
Current Assets		
The Maitland Steinkopf Youth Fund		
Term deposit - Province of Manitoba	66,545	65,412
The Manitoba Centennial Foundation of the Future Fund		
Term deposit - Province of Manitoba	51,950	49,088
	118,495	114,500
	$ 5,182,724	$ 4,794,185

LIABILITIES AND FUNDS RETAINED (DEFICIT)

	2001	2000
GENERAL FUND		
Current Liabilities		
Accounts payable and accrued liabilities	$ 419,405	$ 376,028
Accrued vacation liability (Note 5)	182,868	194,274
Capital advances (Note 8)	1,955	385,363
Deferred income and rental deposits	59,864	4,650
	664,092	960,315
Non-Current Liabilities		
Pension liability (Note 6)	3,826,600	3,623,000
Accrued severance pay (Note 4)	333,074	337,404
Provision for deductible costs on insurance claims (Note 9)	15,000	15,000
	4,174,674	3,975,404
Total Liabilities	4,838,766	4,935,719
Surplus (Deficit)	225,463	(256,034)
	5,064,229	4,679,685
RESTRICTED FUNDS (Note 7)		
Funds Retained		
The Maitland Steinkopf Youth Fund	66,545	65,412
The Manitoba Centennial Foundation of the Future Fund	51,950	49,088
	118,495	114,500
	$ 5,182,724	$ 4,794,185

Contingent liability (Note 10)

The accompanying notes are an integral component of these financial statements

MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT)- GENERAL FUND
For the year ended March 31, 2001

	2001	2000
Revenues		
Rentals		
Concert Hall	$ 397,355	$ 454,094
Sustaining fees	129,168	142,885
Office space	23,982	23,051
Restaurant facilities	-	1,584
Bar and concession sales	187,639	19,464
Event bar income	-	27,718
Administration fees	20,004	20,004
Parking fees	487,114	457,264
Checkroom fees	16,283	14,935
Program income	6,129	10,558
Investment income	5,511	7,720
Miscellaneous income	7,702	3,998
	1,280,887	1,183,275
Province of Manitoba grants		
Operating	2,439,800	2,439,800
Special grants	950,700	-
Pension (Note 6)	203,600	212,300
	3,594,100	2,652,100
Recoveries of expenditures	145,873	145,545
Total revenues, grant and recoveries	5,020,860	3,980,920
Expenditures		
Administration and general	473,591	406,747
Bar and concession operations	120,129	19,954
Building services and maintenance	1,135,929	1,077,602
Host services and special projects	195,639	197,349
Parking services	246,629	244,010
Pension (Note 6)	203,600	212,300
Security services	417,829	407,147
Stage operations	237,729	298,162
	3,031,075	2,863,271
Expenditures incurred on behalf of the Manitoba Museum of Man and Nature (Note 11)	1,508,288	1,380,920
Total expenditures - per schedule	4,539,363	4,244,191
Excess (deficiency) of revenues over expenditures	481,497	(263,271)
Deficit, beginning of year, as previously reported	(455,998)	(192,727)
Prior period adjustment for vacation pay receivable (note 5)	199,964	199,964
Surplus (deficit), beginning of year, as restated	(256,034)	7,237
Surplus (deficit), end of year	$ 225,463	$ (256,034)

The accompanying notes are an integral component of these financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF CASH FLOWS - GENERAL FUND
For the year ended March 31, 2001

	2001	2000
Cash provided by (used for)		
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures for the year	$ 481,497	$ (263,271)
Changes in non-cash working capital items		
Current accounts receivable	(263,101)	34,502
Inventory	2,655	(19,897)
Prepaid expenses	449	1,858
Accounts payable and accrued liabilities	15,211	15
Deferred income and rental deposits	55,214	(3,117)
Accrued vacation liability	(11,406)	(6,493)
Non-current accounts receivable	-	13,204
Accrued severance pay	(4,330)	2,686
	276,189	(240,513)
Cash flows from investing and financing activities		
Capital grants - Province of Manitoba	723,969	1,266,025
Capital expenditures	(975,585)	(1,076,337)
	(251,616)	189,688
Increase (decrease) in cash and cash equivalents during the year	24,573	(50,825)
Cash and cash equivalents, beginning of year	150,529	201,354
Cash and cash equivalents, end of year	$ 175,102	$ 150,529
Represented by:		
Cash and bank	$ 157,912	$ 124,867
Term deposits - Province of Manitoba	17,190	25,662
	$ 175,102	$ 150,529

The accompanying notes are an integral component of these financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF CAPITAL PROJECTS
For the year ended March 31, 2001

	2001	2000
Capital Expenditures		
Boiler	$ 17,943	$ 5,109
Building envelope - Museum	754,873	803,074
Concert Hall refurbishment	57,532	24,011
Courtyard stairs and fountain	6,133	14,761
Electrical/mechanical maintenance	49,270	43,174
Equipment and furnishings	22,796	1,976
Exterior lighting	-	39,243
Fire pump emergency power	-	50,508
Handicap accessibility	22,231	-
Hardware/keys/doors	5,583	4,315
H.V.A.C. upgrade	20,420	6,500
Lamp & fixture retrofit	4,644	-
Landscaping	2,233	8,586
Stage lighting	8,187	10,932
Stage and rigging	-	27,272
Stage sound	22,170	12,331
Systems motor controls	9,736	9,982
	1,003,751	1,061,774
Capital grants - Province of Manitoba		
Received during the year	(572,959)	(958,148)
Advances from previous year	(383,408)	-
Recoverable	$ 47,384	$ 103,626

MANITOBA CENTENNIAL CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31,2001

1. Nature of the Corporation's Operations

The Centennial Centre Corporation was established in 1968 for the development and management of the permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts.

2. Properties of the Centre

The Corporation oversees the properties of the Centre on behalf of the Province of Manitoba. At March 31, 2001 registered titles to these properties, being the Concert Hall, parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation. Costs incurred by the Province of Manitoba are accounted for by the Centre in the Statement of Capital Projects.

3. Accounting Policies

(a) The Corporation's financial statements have been prepared on a fund basis, using Canadian generally accepted accounting principles. The general fund is used to account for the operations of the Centre. The restricted funds, which are the Maitland Steinkopf Youth Fund and the Manitoba Centennial Foundation of the Future Fund, are described in note 7.

(b) Pension payments are recognized as operating expenditures as payments are made under provisions of The Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for current and past service obligations to the Civil Service Superannuation Fund.

(c) Investments are recorded at cost plus accrued interest.

(d) Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

4. Severance Pay Benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $307,561 from the Province of Manitoba, which is an amount that is equal to the estimated liability for accumulated severance pay benefits at March 31, 1998.

5. Vacation Pay Liability

In years prior to 2001, the Corporation recorded the estimated liability and the related expenditure for accumulated vacation pay benefits to its employees. In 2001, the Corporation was advised by the Province of Manitoba that the Province has accepted responsibility for the vacation pay liability accumulated to March 31, 1995 which amounts to $199,964. Accordingly, the Corporation has recorded, in 2001, a receivable of $199,964 from the Province of Manitoba with retroactive restatement of prior periods. This has resulted in an increase of $199,964 in general fund surplus. This receivable from the Province of Manitoba has no terms of repayment.

6. Pension Liability

The Corporation records the actuarial pension liability and the related pension expenditure in their financial statements. Based on an actuarial report dated December 31, 1998, the unfunded liability for the Corporation's employees, calculated on an indexed basis, amounted to $3,826,600 as at March 31, 2001 (2000 - $3,623,000). For the year ended March 31, 2001, the Corporation recorded a pension liability of $3,826,600 (2000 - $3,623,000) and the related pension expenditure of $203,600 (2000 - $212,300).

Since the Province of Manitoba is responsible for the pension liability and the related expenditure, the Corporation has recorded an amount receivable from Province of Manitoba of $3,826,600 (2000 - $3,623,000) and the related revenue of $203,600 (2000 - $212,300). This receivable from the Province of Manitoba has no terms of repayment.

7. Restricted Funds

Restricted Funds established and managed by the Corporation are as follows:

(a) The Maitland Steinkopf Youth Fund

In 1972, the Corporation established the "Maitland Steinkopf Youth Fund" with an original allocation of $25,000. The major purpose of this fund is to promote cultural opportunities for Manitoba youths at reasonable costs.

Summary of Transactions

	2001	2000
Investment income	$ 3,558	$ 3,017
Grant expenditures	2,425	2,425
Investment income over grant expenditures	1,133	592
Funds retained, beginning of year	65,412	64,820
Funds retained, end of year	$ 66,545	$ 65,412

(b) The Manitoba Centennial Foundation of the Future Fund

In 1969, the Corporation established the "Foundation of the Future Fund" in recognition of Manitoba's centennial year. The terms of the Foundation's establishment provide that the Board of Directors of the Foundation will be composed of children born on six special dates in the year 1970. Based on the number of children born on these dates, the Corporation allocated $3,050 to the Fund.

Summary of Transactions

	2001	2000
Investment income	$ 2,862	$ 2,937
Funds retained, beginning of year	49,088	46,151
Funds retained, end of year	$ 51,950	$ 49,088

The Board of Directors of the Foundation have decided to use this fund to host a festival to celebrate every July 15th, commencing July 15, 2001, at the Forks with awarding the scholarship as a culminating event.

8. Capital Advances and Commitments

The Corporation has contractual commitments of $109,127 (2000 - $420,567) to complete capital improvements. This amount is fully recoverable from the Province of Manitoba.

Capital funds in the amount of $1,955 (2000 - $385,363) were drawn in advance on projects awarded, but not completed by March 31, 2001.

9. Provision for Deductible Costs on Insurance Claims

The insurance program of the Corporation contains a deductible clause requiring the Corporation to pay the first $5,000 on any claim with a maximum of $15,000 in any one year. The Corporation has set aside a provision of $15,000 and, as long as the conditions of the insurance coverage are unchanged, it will be maintained at this level.

10. Contingent Liability

As at March 31, 2001, the Corporation has guaranteed bank indebtedness of Paystations Management Inc. in the amount of $82,848 (2000 - $51,600).

11. Grant of Service

The Manitoba Centennial Centre Corporation incurs expenditures such as cleaning, utilities and maintenance on behalf of the Manitoba Museum of Man and Nature. These expenditures account for $1,508,288 for the year ending March 31, 2001 (2000 - $1,380,920)

12. Financial Instruments

The Corporation's financial instruments consist of cash, term deposits, accounts receivable and accounts payable. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

13. Economic Dependence

The Corporation is economically dependent on funding received from the Province of Manitoba.

14. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

MANITOBA CENTENNIAL CENTRE CORPORATION
SCHEDULE OF EXPENDITURES
For the year ended March 31, 2001

	2001	2000
Administrative and general		
Salaries and employee benefits	$ 444,092	$ 366,749
Temporary help	19,768	15,078
Insurance	35,705	37,789
Telephone and fax	15,345	15,312
Printing and stationery	7,713	7,120
Audit and legal	15,155	10,948
Other	40,869	14,179
Payroll service	8,771	7,676
Bad debts	-	21,545
Health and post secondary education tax levy	45,959	45,288
	633,377	541,684
Bar and concession operations		
Salaries and employee benefits	48,468	5,683
Cost of beverages sold	66,959	5,681
Other	4,702	8,590
	120,129	19,954
Building services and maintenance		
Salaries and employee benefits	1,183,260	1,137,302
Light, power and water	536,834	554,839
Heat	473,464	285,900
Repairs, maintenance and supplies	241,910	298,976
Other	311	219
	2,435,779	2,277,236
Host services and special projects		
Salaries and employee benefits	179,643	181,801
Other	15,996	15,548
	195,639	197,349
Parking services		
Salaries and employee benefits	106,260	107,696
Agency fees and expenditures	135,236	128,663
Other	5,133	7,651
	246,629	244,010
Pension (Note 6)	203,600	212,300
Security Services		
Salaries and employee benefits	457,284	445,767
Other	9,197	7,729
	466,481	453,496
Stage operations		
Salaries and employee benefits	209,686	264,787
Repairs, supplies and equipment	28,043	33,375
	237,729	298,162
Total Expenditures	4,539,363	4,244,191
Less: Expenditures incurred on behalf of the Manitoba Museum of Man and Nature (Note 11)	1,508,288	1,380,920
Net Expenditures	$ 3,031,075	$ 2,863,271

The accompanying notes are an integral component of these financial statements.

Deloitte
& Touche

AUDITORS' REPORT

To the Members of
Manitoba Community Services Council Inc.

We have audited the balance sheet of Manitoba Community Services Council Inc. as at March 31, 2001 and the statements of financial activities and changes in net assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP
Chartered Accountants

Winnipeg, Manitoba
May 4, 2001

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Balance Sheet

March 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash	$ 352,758	$ 436,573
Accounts receivable (Note 3)	196,833	35,023
Prepaid expenses	5,986	890
Current portion of long term deposit receipts (Note 5)	200,000	80,491
	755,577	552,977
CAPITAL ASSETS (Note 4)	35,401	19,777
LONG-TERM DEPOSIT RECEIPTS (Note 5)	305,895	399,193
	$ 1,096,873	$ 971,947
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ -	$ 2,925
Allocations not yet paid	754,828	566,979
	754,828	569,904
NET ASSETS		
Net assets invested in capital assets	35,401	19,777
Funds for future allocation	306,644	382,266
	342,045	402,043
	$ 1,096,873	$ 971,947

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Statement of Changes in Net Assets

Year Ended March 31, 2001

	Invested in Capital Assets	Funds for Future Allocation	**Total 2001**	Total 2000
BALANCE, BEGINNING OF YEAR	$ 19,777	$ 382,266	**$ 402,043**	$ 336,495
(DEFICIENCY) EXCESS OF REVENUE OVER ALLOCATIONS AND EXPENSES	(14,442)	(45,556)	**(59,998)**	65,548
INVESTED IN CAPITAL ASSETS	30,066	(30,066)	**-**	-
BALANCE, END OF YEAR	$ 35,401	$ 306,644	**$ 342,045**	$ 402,043

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Statement of Financial Activities

Year Ended March 31, 2001

	2001	2000
REVENUE		
Provincial funding (Note 6)	$ 1,980,000	$ 1,980,000
Interest	58,035	44,706
Allocations recovered	67,052	4,354
	2,105,087	2,029,060
ALLOCATIONS AND EXPENSES		
Accommodation and services	29,938	36,858
Administrative - Schedule 1	38,330	42,835
Allocations - Schedule 2	1,893,608	1,696,140
Amortization	14,442	15,548
Office and computer supplies	9,107	6,472
Salaries and benefits	179,660	165,659
	2,165,085	1,963,512
(DEFICIENCY) EXCESS OF REVENUE OVER ALLOCATIONS AND EXPENSES	$ (59,998)	$ 65,548

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Notes to the Financial Statements
March 31, 2001

1. INCORPORATION

Manitoba Community Services Council Inc. was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of distributing bingo events and provincial funds to non-profit community organizations on behalf of the Province of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

a) *Statement of cash flows*

A statement of cash flows has not been presented since information concerning changes in financial position is evident from the financial statements presented.

b) *Long-term deposit receipts*

Long-term deposit receipts are carried at cost.

c) *Capital assets*

Capital asset acquisitions are capitalized in the year of purchase at values equal to cost. Amortization is provided for on a straight-line basis at rates specified in Note 4.

d) *Financial instruments*

Financial risk
The financial risk is the risk to the Council's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. The Council does not use derivative instruments to reduce its exposure to interest rates.

Credit risk
Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Council. The Council limits credit risk by investing in investees that are considered to be high quality credits and by utilizing an internal investment policy.

3. ACCOUNTS RECEIVABLE

	2001	2000
Interest receivable	$ 27,780	$ 23,418
Due from United Way Benefit Plan	-	9,775
G.S.T. refund	4,053	1,830
Provincial funding receivable	165,000	-
	$ 196,833	$ 35,023

4. CAPITAL ASSETS

	2001			2000	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates
Leasehold improvements	$ 7,762	$ 1,552	$ 6,210	$ -	Lease Term
Furniture, fixtures and equipment	21,577	2,771	18,806	512	20%
Computer equipment	36,306	25,921	10,385	19,265	30%
	$ 65,645	$ 30,244	$ 35,401	$ 19,777	

5. LONG-TERM DEPOSIT RECEIPTS

	2001	2000
5.25% Manitoba Builder Bonds Series 4, maturing June 15, 2001	$ 200,000	$ 200,000
9% Ontario Hydro bond, maturing June 24, 2002	100,000	100,000
5.40% Royal Bank of Canada Bond, maturing April 7, 2003	81,615	81,615
8.75% Province of Ontario Bond, maturing April 22, 2003	17,578	17,578
5.8% Export Development Corp, maturing September 15, 2003	106,702	-
5.25% General Motors Acceptance Bond	-	80,491
	505,895	479,684
Less current portion	200,000	80,491
	$ 305,895	$ 399,193

6. PROVINCIAL FUNDING

Effective April 1, 1995, Manitoba Community Services Council Inc. (MCSC) renewed its five year agreement with the Province of Manitoba under which it will receive a share of the revenues of the Manitoba Lotteries Corporation to March 31, 2000. This revenue is to be used for distribution to not-for-profit community service organizations and Council's operating expenses. The renewal of this agreement is presently under discussion.

7. COMMITMENT

The Council has leased realty pursuant to a lease agreement, until March 31, 2005. Under the terms of the lease, the Council is responsible for base rent and its proportionate share of property taxes and operating costs of the building.

The minimum lease payments for the next five years are as follows:

2002	$ 11,576
2003	11,576
2004	11,576
2005	11,576

8. BINGO HALL EARNINGS

The Council also allocates a certain number of bingo events to various organizations that it funds. Numerous community service organizations earned a total of $865,500 (2000 - $821,400) through participation in bingo events.

The funds received from bingos are paid directly by the Manitoba Lotteries Corporation to the above organizations. Therefore, these funds are not reflected on the statement of financial activities.

9. PENSION PLAN

The employees of the Council participate in the United Way Agencies Pension Plan, a multi-employer defined benefit pension plan. This plan, to which the Council contributed $5,910 (2000 - $4,539), is accounted for as a defined contribution plan.

Schedule 1

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Administrative Expenses

Year Ended March 31, 2001

	2001	2000
Bank charges	$ 605	$ 540
Courier	1,120	985
Meeting costs and volunteer travel	21,168	17,632
Miscellaneous office costs	5,226	12,374
Postage	2,119	2,910
Professional fees	2,934	3,116
Telephone	5,158	5,278
	$ 38,330	$ 42,835

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

Year Ended March 31, 2001

Alf Cuthbert School Parent Advisory Council - Moosehorn	$ 4,000.00
Altona & Area Recreation District	$ 25,000.00
Angusville Community Centre	$ 6,000.00
Arborg & District Seniors' Resource Council Inc.	$ 10,000.00
Arborg Bifrost Parks and Recreation Commission	$ 12,000.00
Art Gallery of Southwestern Manitoba	$ 17,000.00
Ashern Sports Club	$ 3,000.00
Association For Community Living – Manitoba	$ 15,000.00
Aubigny Recreational Committee	$ 13,000.00
Beulah Community Club	$ 3,000.00
Big Brothers/Big Sisters of Selkirk District	$ 6,000.00
Binscarth Park & Pool Committee Inc.	$ 6,000.00
Birds Hill School Parent Advisory Council	$ 10,000.00
Boissevain Association for the Handicapped	$ 15,000.00
Boy Scouts of Canada (Manitoba Council) – 8th Brandon Group	$ 1,000.00
Burntwood Curling Club (1971) Inc. - Thompson	$ 10,000.00
Camp Manitou Inc.	$ 11,000.00
Camperville Playground Equipment Committee	$ 18,000.00
Canadian Centre on Disability Studies	$ 10,000.00
Canadian Mental Health Association – Flin Flon	$ 10,000.00
Canadian National Institute for the Blind-Brandon	$ 20,000.00
Canadian Paraplegic Association, Manitoba Division	$ 10,000.00
Canterbury Park Residents Association	$ 10,000.00
Cardale Community Rink	$ 6,500.00
Career Trek	$ 40,000.00
Carman Aquatic Centre Inc.	$ 13,000.00
Carman Family Resource Centre Inc.	$ 2,000.00
Centre d'Enfant St. Claude Children's Centre	$ 9,000.00
Cerebral Palsy Association	$ 6,000.00
Charleswood Curling Club	$ 7,500.00
Chief Peguis Heritage Park Inc.	$ 7,500.00
Chief Peguis Musical Arts Association	$ 3,000.00
Child & Family Services Western Manitoba	$ 30,000.00
Child Find Manitoba	$ 21,000.00
Churchill Joint Group Committee	$ 20,000.00
Clanwilliam Community Hall	$ 6,000.00
Clinique Youville Clinic Inc.	$ 1,000.00
Community Unemployed Help Centre, Inc.	$ 15,000.00
	$432,500.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

Year Ended March 31, 2001

Crestview School Parent Council	$ 1,200.00
Crossways In Common	$ 30,000.00
Crystal City Curling Club	$ 3,370.00
Dauphin Friendship Centre	$ 25,000.00
David Livingstone Parent Council	$ 6,000.00
Decker Colony – Playground Committee	$ 5,000.00
Deer Lodge Curling Club Limited	$ 10,000.00
Deliverance Centre	$ 9,000.00
Domain Co-op Recreation Club Community Hall	$ 30,000.00
Earthshare	$ 12,000.00
East End Millennium Park - Brandon	$ 7,500.00
Ecole Bannatyne Parent Council Playground Committee	$ 13,200.00
Ecole Communautaire Real Berard School Council St. Pierre Jolys	$ 12,000.00
Ecole Julie Riel Parent Association	$ 6,000.00
Ecole Laurier Parents Committee	$ 8,000.00
Ecole Lorette Immersion Parent Advisory Council	$ 14,000.00
Ecole Precieux-Sang Parent Council	$ 5,000.00
Ecole Swan River South School	$ 4,300.00
Elkhorn Elks Lodge # 381 / Elkhorn Community Hall	$ 5,750.00
Elks-Gladstone and Gladstone Royal Purple / Playstructure Committee	$ 5,000.00
Elwick Community School Parent Connection	$ 4,000.00
Emerson Golf and Country Club	$ 10,000.00
Encliffe Community Club	$ 2,300.00
Federation Provinciale Des Comites De Parents	$ 5,000.00
Fort Garry Women's Resource Centre, Inc.	$ 10,000.00
Fraserwood Hall	$ 20,000.00
Frontier Trading Company Incorporated	$ 15,000.00
General Byng School	$ 1,500.00
Gilbert Plains-Grandview Agricultural Society	$ 2,000.00
Gimli New Horizons 55+ Centre Inc.	$ 5,000.00
Gladstone and District Arena	$ 1,500.00
Golden Gate Band Parents Association	$ 4,000.00
Graffiti Art Programming, Inc.	$ 15,000.00
Greenwald Colony School Playground Committee	$ 3,000.00
Gwen Sector Creative Living Centre	$ 500.00
Hamiota Municipal Park Inc.	$ 15,000.00
Hamiota Parent Advisory Council	$ 7,000.00
Hartney Advisory Council for School Leadership	$ 7,000.00
	$340,120.00

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
Year Ended March 31, 2001

Hazelridge Parent Teacher Group	$ 6,000.00
Hazelridge Sports Complex Inc.	$ 5,000.00
Heritage School Parent Council	$ 3,000.00
Holland Recreation Council	$ 10,000.00
Hooper's Lake Re-Development Committee	$ 15,000.00
Independent Living Resource Centre	$ 20,000.00
Independent Order of Odd Fellows Neepawa 100F Lodge #16 Hall	$ 10,000.00
Inglis Area Heritage Committee Inc.	$ 13,000.00
Jessie Home Inc.	$ 8,000.00
John Howard Society of Brandon Inc.	$ 10,000.00
Just Be! - Thompson	$ 2,000.00
Kali Shiva Aids Services	$ 6,000.00
Keystone Christian School Parent Association Playground Committee	$ 5,000.00
Kildonan Youth Activity Centre	$ 9,000.00
Kinette Club of Ste. Rose – Playground Committee	$ 15,000.00
King Edward Community Group	$ 8,000.00
Lac Du Bonnet Community Centre Inc.	$ 6,000.00
Landmark Recreation Association	$ 10,000.00
Lauder Community Hall Committee	$ 3,000.00
Laurel Centre Inc.	$ 20,000.00
Leaf Rapids National Exhibition Centre	$ 6,000.00
Legion House (Morden) Inc.	$ 18,000.00
Lions Club – Oak River / Blanshard Driving Range Committee	$ 3,000.00
Lorette Collegiate Parent Council	$ 2,000.00
Lyleton Community Club	$ 4,000.00
Manitoba High School Rodeo Association	$ 2,000.00
Manitoba Printmakers' Association Inc.	$ 6,000.00
Manitoba Schizophrenia Society – Brandon	$ 4,000.00
Manitoba Schizophrenia Society – Central Region (Winkler)	$ 4,000.00
Manitoba School for the Deaf Advisory Council for School Leadership	$ 10,000.00
Manitoba Schools' Science Symposium	$ 1,400.00
Manitou Community Arena Board	$ 20,000.00
Maple Leaf Home and School Advisory Council - Morden	$ 5,000.00
Marlene Street Tenants Association	$ 10,000.00
Marv Elks Memorial Home Inc.	$ 5,000.00
Meadows Parent Council	$ 6,000.00
Mediation Services	$ 3,284.00
Merry Makers Drop-In Centre - Cartwright	$ 3,000.00
	$296,684.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

Year Ended March 31, 2001

Miami Citizens Park	$ 6,000.00
Minnedosa & District Golf Club, Inc.	$ 30,000.00
Minnedosa Fitness Centre Co-operative Inc.	$ 3,000.00
Minnedosa Regional Library	$ 10,000.00
Moosehorn Gymnastic Club	$ 3,000.00
Moosehorn Senior Citizens Handicraft Centre Inc.	$ 3,000.00
Morden Community Handivan	$ 17,000.00
Morris Parent Council Association	$ 15,000.00
Mountain School Division Music Festival	$ 5,500.00
Multiple Sclerosis Society of Canada, Manitoba Division	$ 15,000.00
Muscular Dystrophy Association of Canada, Manitoba Division	$ 2,000.00
Myasthenia Gravis Chapter of Manitoba	$ 2,000.00
Native Women's Transition Centre	$ 10,000.00
Navy League (Crusader) Winnipeg Branch	$ 3,000.00
Neepawa Golf and Country Club Inc.	$ 5,000.00
Newdale Senior Citizens Home Inc.	$ 5,000.00
Niverville Senior Services	$ 3,000.00
North End Women's Centre Inc.	$ 5,000.00
Oak Bluff Recreation Centre	$ 14,000.00
Oak Lake Agricultural Society	$ 5,000.00
Operation Go Home - Manitoba	$ 7,000.00
Pacific Junction School Parent Council	$ 4,000.00
Pansy Communtly and Recreation Centre	$ 12,000.00
Patricia Beach Community Club Inc.	$ 500.00
Pembina community Resource Council-Pembina Manitou Health	$ 5,000.00
Phoenix/Kildonan Productions Theatre Company Inc.	$ 1,250.00
Pilot Mound Swimming Pool	$ 8,000.00
Pinawa Gymnastics Club	$ 700.00
Pipestone Handivan	$ 10,000.00
Pipestone Skating Rink	$ 4,000.00
Plumas Community Hall Inc.	$ 4,000.00
Portage La Prairie Handi-Van Inc.	$ 2,000.00
Portage La Prairie Tennis Club	$ 6,000.00
Prairie Pathfinders Inc.	$ 12,000.00
Pregnancy Distress Family Support Services, Inc.	$ 10,000.00
Radisson School Community Council	$ 12,000.00
Rainbow Society Inc.	$ 3,000.00
Red River Exhibition Association	$ 31,829.00
	$294,779.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
Year Ended March 31, 2001

Reston Minor Baseball Association	$ 7,000.00
Rhineland C.A.R.E.	$ 5,000.00
Riverton & District Friendship Centre Inc.	$ 14,000.00
Robert Browning School Involved Parents Association Inc.	$ 4,500.00
Robertson School Parent Council	$ 3,000.00
Rossburn & District Service for Seniors	$ 1,700.00
Rossburn Game and Fish Association	$ 1,800.00
Royal Canadian Legion Artillery Cadets Corp. #2528 Virden RCACC	$ 2,000.00
Ruth Hooker School Parent Council	$ 4,000.00
Service De Conseiller St. Viateurs Inc.	$ 5,000.00
Shevchenko Dance Ensembly Sandy Lake	$ 2,000.00
Shoal Lake Community Hall	$ 3,000.00
Sifton Community Centre Inc.	$ 10,000.00
Smiles and Chuckles Amateur Theatre Group	$ 5,000.00
Snow Lake Centre on Family Violence Inc.	$ 13,000.00
Society for Manitobans with Disabilities Inc.	$ 35,000.00
Souris & Glenwood Memorial Complex	$ 1,000.00
South Central Regional Library-Mor	$ 3,000.00
South Central Regional Library-Wink	$ 3,000.00
South Winnipeg Senior Resource Council Inc.	$ 2,000.00
Southeast Royals Gymnastic Club	$ 3,000.00
St. Jean Parks & Recreation Association Inc.	$ 15,000.00
St. Pierre Curling Club	$ 3,000.00
Starbuck/Springstein Home and School Association	$ 6,000.00
Ste. Rose & District Community Resource Council for Seniors Inc.	$ 3,000.00
Ste. Rose & District Handivan	$ 7,000.00
Steinbach Serving Seniors, Inc.	$ 20,000.00
Strathcona School Parent Council	$ 5,000.00
Strathmillan School Playstructure Millennium Community Park Project	$ 6,000.00
Swan Lake Recreation Complex	$ 1,000.00
Swan Valley Regional Secondary School Parent Council	$ 6,000.00
Swan Valley Stock Car Club Inc.	$ 2,500.00
Tache Nursing Centre	$ 15,000.00
Teaching English as a Second Language to Adults in Manitoba	$ 9,000.00
Teen Touch Inc.	$ 30,000.00
Teulon – Rockwood Green Acres Park	$ 14,000.00
Teulon & district Metis Association Inc.	$ 800.00
	$271,300.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
Year Ended March 31, 2001

Teulon-Rockwood Arena Board	$ 7,000.00
Teulon-Rockwood Centennial Centre	$ 4,000.00
The Allegory - Thompson	$ 15,000.00
The Pas Arts Council Inc.	$ 2,000.00
The Pas Flying Club Inc.	$ 10,000.00
Theatre New West Company	$ 4,000.00
Thompson Music Parent's Association	$ 2,000.00
Transcona Springfield Employment Network	$ 12,000.00
Ukrainian National Home of Pansy	$ 10,000.00
Villa Cabrini Inc.	$ 6,000.00
Villa Rosa, Inc.	$ 1,285.00
Vita Community Recreation Center Inc.	$ 30,000.00
West Broadway Development Corporation	$ 15,000.00
West Broadway Youth Outreach Inc.	$ 5,000.00
West End Cultural Centre	$ 500.00
West St. Paul School Parents' Advisory Committee	$ 4,000.00
Westman Interfaith Counselling and Education Centre Inc.	$ 3,000.00
Weston School Parent Association	$ 12,000.00
Westwood School Parent Council	$ 20.000.00
Whiteshell Colony School Playground Committee	$ 1,000.00
Whitewater Park Committee	$ 1,500.00
Windsor Home and School Parent Association	$ 600.00
Winnipeg Beach Municipal Recreation Centre Inc.	$ 3,000.00
Winnipeg Boys and Girls Club	$ 12,000.00
Winnipeg Chinese Cultural Centre	$ 5,000.00
Winnipeg Film Group	$ 15,000.00
Winnipeg Folk Festival	$ 9,000.00
Winnipeg Inner City Youth Futures Fund, Inc.	$ 30,000.00
Winnipeg Scleroderma Support Group	$ 1,000.00
Women's Health Clinc, Inc.	$ 12,340.00
Woodmore Community Hall	$ 5,000.00
	$258,225.00
TOTAL 2001	**$1,893,608.00**

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Crop Insurance Corporation

We have audited the balance sheet of the Manitoba Crop Insurance Corporation as at March 31, 2001, the statement of operations and funds retained for the Crop Insurance program, the statement of operations and funds retained for the Hail Insurance program, the statement of cash flows and the statements of revenue and expenditure for the other agriculture related programs administered by the Corporation on behalf of the Government of the Province of Manitoba, being statements 1-4. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows, and the revenue and expenditure transactions of the programs administered by the Corporation on behalf of the Government of the Province of Manitoba, for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor
Winnipeg, Manitoba
June 21, 2001

Manitoba Crop Insurance Corporation

BALANCE SHEET as at March 31, 2001

	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan (Note 4(A))	Other Programs (Note 4)	2001 Total	2000 Total
Assets						
Cash	$ -	-	-	-	$ -	$ 1,029,224
Short-term investments (Note 3(B))	280,109,588	19,506,537	23,285,581	618,911	323,520,617	265,381,800
Accounts receivable (Note 5)	11,880,835	1,221,028	317,171	93,165,934	106,584,968	111,222,521
Prepaid expenses	116,773	-	-	-	116,773	110,309
Interprogram receivable	480,633	2,969	-	-	483,602	364,170
	292,587,829	20,730,534	23,602,752	93,784,845	430,705,960	378,108,024
Capital assets (Note 6)	1,182,844	-	-	-	1,182,844	1,500,734
	$ 293,770,673	20,730,534	23,602,752	93,784,845	$ 431,888,804	$ 379,608,758
Liabilities and funds retained						
Bank indebtedness	$ 952,298	-	-	-	$ 952,298	$ -
Reinsurance premiums payable	26,208	-	-	-	26,208	38,623
Indemnities payable (Note 7)	2,869,003	1,285	-	93,352,029	96,222,317	102,530,185
Accounts payable and accrued liabilities	2,526,324	-	12,610	198,550	2,737,484	2,806,510
Interprogram payable	2,969	-	246,367	234,266	483,602	364,170
Excess of revenue over expenditure	-	-	23,343,775	-	23,343,775	22,277,702
	6,376,802	1,285	23,602,752	93,784,845	123,765,684	128,017,190
Deferred revenue (Note 8)	1,182,844	-	-	-	1,182,844	1,500,734
Funds retained	286,211,027	20,729,249	-	-	306,940,276	250,090,834
	$ 293,770,673	20,730,534	23,602,752	93,784,845	$ 431,888,804	$ 379,608,758

APPROVED BY THE BOARD:

Walter w Kolinyk

Chairman

Dan Wishart

Vice-Chairman

CROP INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2001

	2001	2000
Revenue:		
Premiums		
Insured producers	$ 21,490,262	$ 23,491,572
Government of Canada (Note 3(F))	32,939,004	34,873,614
Province of Manitoba (Note 3(F))	25,541,046	27,164,368
	79,970,312	85,529,554
Less premiums ceded (Note 9)		
Reinsurance Fund of Canada	399,911	427,362
Reinsurance Fund of Manitoba	399,911	427,362
	799,822	854,724
Net premiums	79,170,490	84,674,830
Interest	14,772,278	10,742,993
Total revenue	93,942,768	95,417,823
Expenditure:		
Indemnities	36,291,493	42,557,869
Doubtful accounts (recoveries)	(8,031)	17,447
Administrative expenses - Schedule 1	9,221,090	8,666,572
Administrative expenses recovered from		
Government of Canada (Note 3(G))	(3,692,473)	(3,518,863)
Province of Manitoba (Note 3(G))	(3,697,864)	(3,524,556)
Insured producers (Note 3(G))	(1,830,753)	(1,623,153)
Net expenditure	36,283,462	42,575,316
Income for the year	57,659,306	52,842,507
Funds retained, beginning of year	228,551,721	175,709,214
Funds retained, end of year	$ 286,211,027	$ 228,551,721

HAIL INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2001

	2001	2000
Revenue:		
Premiums, net of discounts	$ 7,754,147	$ 7,011,997
Less premiums ceded for reinsurance (Note 10)	615,779	543,430
Net premiums	7,138,368	6,468,567
Reinsurance recoveries (Note 10)	2,352,201	-
Interest and surcharges	1,190,524	1,262,014
Total revenue	10,681,093	7,730,581
Expenditure:		
Indemnities	9,737,615	4,048,290
Administrative expenses - Schedule 1	1,773,399	1,417,889
Doubtful accounts (recoveries)	(20,057)	24,343
Total expenditure	11,490,957	5,490,522
Income (loss) for the year	(809,864)	2,240,059
Funds retained, beginning of year	21,539,113	19,299,054
Funds retained, end of year	$ 20,729,249	$ 21,539,113

HAIL INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2001

	2001	2000
Revenue:		
Premiums, net of discounts	$ 7,754,147	$ 7,011,997
Less premiums ceded for reinsurance (Note 10)	615,779	543,430
Net premiums	7,138,368	6,468,567
Reinsurance recoveries (Note 10)	2,352,201	-
Interest and surcharges	1,190,524	1,262,014
Total revenue	10,681,093	7,730,581
Expenditure:		
Indemnities	9,737,615	4,048,290
Administrative expenses - Schedule 1	1,773,399	1,417,889
Doubtful accounts (recoveries)	(20,057)	24,343
Total expenditure	11,490,957	5,490,522
Income (loss) for the year	(809,864)	2,240,059
Funds retained, beginning of year	21,539,113	19,299,054
Funds retained, end of year	$ 20,729,249	$ 21,539,113

STATEMENT OF CASH FLOWS

for the year ended March 31, 2001

	Crop Insurance Program	Hail Insurance Program	2001 Total	2000 Total
Cash provided by (used for)				
Operating activities:				
Income (loss) for the year				
Income (loss) before interest revenue	$ 42,887,028	(2,000,388)	$ 40,886,640	$ 43,077,559
Interest revenue	14,772,278	1,190,524	15,962,802	12,005,007
	57,659,306	(809,864)	56,849,442	55,082,566
Items not involving cash				
Changes in allowance for doubtful accounts	(60,413)	(19,787)	(80,200)	(173,998)
Amortization of capital assets	420,031	-	420,031	475,498
Changes in:				
Accounts receivable	(614,727)	(231,605)	(846,332)	(440,335)
Interest receivable	(1,809,631)	(15,403)	(1,825,034)	(2,274,734)
Prepaid expenses	(6,464)	-	(6,464)	(7,750)
Interprogram receivable/payable	(841,834)	103,377	(738,457)	259,417
Reinsurance premiums payable	7,890	(20,305)	(12,415)	(27,779)
Indemnities payable	1,225,973	1,285	1,227,258	802,703
Accounts payable and accrued liabilities	(65,986)	-	(65,986)	150,693
Cash provided by (used for) operating activities	55,914,145	(992,302)	54,921,843	53,846,281
Investing activities:				
Purchase of short-term investments	(48,163,537)	3,050,422	(45,113,115)	(68,125,059)
Purchase of capital assets	(102,141)	-	(102,141)	(62,999)
Proceeds on disposition of capital assets	-	-	-	2,600
Cash provided by (used for) investing activities	(48,265,678)	3,050,422	(45,215,256)	(68,185,458)
Financing activities:				
Deferred revenue	(317,890)	-	(317,890)	(415,100)
Cash used for financing activities	(317,890)	-	(317,890)	(415,100)
Net increase (decrease) in cash and short-term investments	7,330,577	2,058,120	9,388,697	(14,754,277)
Cash and cash equivalents, beginning of year	8,058,834	1,000,000	9,058,834	23,813,111
Cash and cash equivalents, end of year	$ 15,389,411	3,058,120	$ 18,447,531	$ 9,058,834
Cash and cash equivalents comprised of the following:				
Short-term investments	$ 280,109,588	19,506,537	$ 299,616,125	$ 243,132,791
Short-term investments with terms greater than 90 days	263,767,879	16,448,417	280,216,296	235,103,181
Short-term investments with terms of 90 days or less	16,341,709	3,058,120	19,399,829	8,029,610
Cash (bank indebtedness)	(952,298)	-	(952,298)	1,029,224
	$ 15,389,411	3,058,120	$ 18,447,531	$ 9,058,834

Statement 1

REVENUE PROTECTION - GROSS REVENUE INSURANCE PLAN (Note 4(A))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
Revenue:		
Interest	$ 1,267,616	$ 1,058,750
Expenditure:		
Indemnities (recoveries), prior years	211,488	(6,436)
Doubtful accounts (recoveries)	(9,945)	(75,892)
Administrative expenses - Schedule 1	16,652	80,198
Administrative expenses recovered from		
Government of Canada	(8,027)	(37,769)
Province of Manitoba	(8,625)	(42,429)
Net expenditure (recoveries)	201,543	(82,328)
Excess of revenue over expenditure	1,066,073	1,141,078
Excess of revenue over expenditure, beginning of year	22,277,702	21,136,624
Excess of revenue over expenditure, end of year	$ 23,343,775	$ 22,277,702

Statement 2

WILDLIFE DAMAGE COMPENSATION PROGRAM (Note 4(B))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

		2001		2000
Revenue:				
Recovery of expenditures				
Government of Canada	$	1,132,013	$	658,714
Province of Manitoba		1,576,159		934,366
Total revenue	$	2,708,172	$	1,593,080
Expenditure:				
Indemnities	$	2,220,729	$	1,378,262
Administrative expenses				
Adjusters' wages, benefits and expenses		450,477		199,592
Audit fees and legal		6,080		12,823
Other administrative expenses		30,886		2,403
		487,443		214,818
Total expenditure	$	2,708,172	$	1,593,080

Statement 3

MANITOBA MANAGEMENT PLUS PROGRAM (Note 4(C))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

		2001		2000
Revenue:				
Recovery of expenditures				
Manitoba Rural Adaptation Council Inc.	$	75,468	$	2,183
Expenditure:				
Administrative expenses	$	75,468	$	2,183

Statement 4

MANITOBA FARM DISASTER ASSISTANCE PROGRAM (NOTE 4(D))
CANADA-MANITOBA ADJUSTMENT PROGRAM (NOTE 4(D))
CANADA-MANITOBA ADJUSTMENT PROGRAM 2 (NOTE 4(D))
STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	Manitoba Farm Disaster Assistance Program (Note 4(D))		Canada-Manitoba Adjustment Program (Note 4(D))		Canada-Manitoba Adjustment Program 2 (Note 4(D))
	2001	**2000**	**2001**	**2000**	**2001**
Revenue:					
Recovery (repayment) of expenditures					
Government of Canada	$ -	$ -	$ -	$ 60,000,000	$ 55,200,000
Province of Manitoba	(213,573)	70,390,550	-	40,000,000	36,800,000
Total recovery (repayment)	(213,573)	70,390,550	-	100,000,000	92,000,000
Interest	-	-	708,956	-	-
Total revenue (repayment)	$ (213,573)	$ 70,390,550	$ 708,956	$ 100,000,000	$ 92,000,000
Expenditure:					
Program payments (recoveries)	$ (238,608)	$ 69,913,975	$ 701,780	$ 99,900,000	$ 91,900,000
Doubtful accounts	16,437	35,906	7,176	-	-
Administrative expenses	8,598	440,669	-	100,000	100,000
Total expenditure (recoveries)	$ (213,573)	$ 70,390,550	$ 708,956	$ 100,000,000	$ 92,000,000

NOTES TO FINANCIAL STATEMENTS

March 31, 2001

1. Authority

The Manitoba Crop Insurance Corporation was incorporated under a specific Statute of the Province of Manitoba, and operates under the authority of The Crop Insurance Act, Chapter C310 in the Continuing Consolidation of the Statutes of Manitoba.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 13 of The Crop Insurance Act, and are presented in accordance with Canadian generally accepted accounting principles.

3. Significant Accounting Policies

(A) Programs

Under the provisions of its Act and regulations, the Corporation operates crop and hail insurance programs for Manitoba farmers.

The Corporation is also responsible for the administration of various agriculture related programs, including the Revenue Protection component of the Gross Revenue Insurance Plan and the Wildlife Damage Compensation Program, on behalf of the Government of Canada and the Province of Manitoba.

For financial accounting purposes, all programs are regarded as separate operations and are accounted for separately.

(B) Short-Term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for short-term investment are invested with the Province of Manitoba, in accordance with Section 20(8) of The Crop Insurance Act.

(C) Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Capital assets are being amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Application Development	8 years
Leasehold Improvements	Remaining term of the lease

(D) Pensions

Effective April 1, 1998, the Corporation began matching employees' current pension contributions to the Civil Service Superannuation Plan. As a matching employer, the Corporation discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

(E) Vacation and Severance Pay

Employees of the Corporation are entitled to vacation and severance pay in accordance with the terms of the Collective Agreements and Corporation policy. The liability for vacation and severance pay is recorded based on the Corporation's best estimates.

(F) Premiums and Government Contributions

The Corporation recognizes as revenue all premiums earned on policies in force during the year. The insurance premium rates are calculated annually by crop and risk area and are based on a 25-year average of historical loss experience adjusted for the program's current level of benefits. Premium rates are adjusted annually to maintain adequate reserves over time. This is done to ensure the financial self-sustainability of the program.

Agreements between the Government of Canada and the Province of Manitoba provide for the cost sharing of the insurance premiums under the Crop Insurance Program. The insurance premiums for coverage of 50% of the insureds' probable yields are shared between the Government of Canada (60%) and the Province of Manitoba (40%). Premiums for insurance coverage above the 50% level are shared between the insureds (50%), the Government of Canada (25%) and the Province of Manitoba (25%).

(G) Administrative Expenses

The agreement relating to the Crop Insurance Program, referred to in Section (F) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared equally by the Government of Canada and the Province of Manitoba. Administrative revenues include a per acre administrative fee shown as a recovery from insured producers. Administrative expenses relating to the Hail Insurance Program are recovered from the insureds.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by the Corporation's Board of Directors.

4. Other Programs

(A) Statement 1

Effective January 1991, the Corporation assumed responsibility for the administration of the agreement between the Government of Canada and the Province of Manitoba for the Revenue Protection component of the Gross Revenue Insurance Plan (GRIP) for crops produced in Manitoba.

For the year ended March 31, 1993 and subsequent years, the GRIP premiums were shared between insured producers (33.33%), the Government of Canada (41.67%), and the Province of Manitoba (25%).

The administrative expenses incurred by the Corporation to administer GRIP are shared equally by the Government of Canada and the Province of Manitoba.

The Government of Canada and the Province of Manitoba terminated GRIP at the end of the 1995 crop year. In February 1997, $47,491,745 or 75% of the March 31, 1996 excess of revenue over expenditure was distributed to the participants according to their respective premium contributions. The balance of the excess of revenue over expenditure earns interest and will be distributed to the participants once all the outstanding issues relating to GRIP are finalized.

(B) Statement 2

The Corporation administers the Wildlife Damage Compensation Program that was established to compensate producers for 100% of damaged agricultural crops and products caused by big game, waterfowl or livestock predation. The Government of Canada contributes 40% for losses and 50% of the total administrative expenses. The Province of Manitoba contributes 60% for losses and 50% of the total administrative expenses.

(C) Statement 3

Effective June 1993, the Corporation assumed responsibility for the administration of the Manitoba Management Plus Program. The program was established to provide producers with crop management data to assist them in making management decisions regarding their farm operations. The administrative expenses incurred for this program are recovered from the Manitoba Rural Adaptation Council Inc.

(D) Statement 4

Manitoba Farm Disaster Assistance Program (MFDAP)

Commencing June 1999, the Corporation assumed responsibility for the administration of the Manitoba Farm Disaster Assistance Program (MFDAP). This program was introduced to help producers affected by the excess moisture conditions which impaired seeding and damaged forage fields and pastures in the spring of 1999. The program covered unseeded land, forage restoration, hay shortfall and custom seeding. Program funding of $70.2 million was provided by the Province of Manitoba.

Canada-Manitoba Adjustment Program (CMAP)

Effective March 2000, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program (CMAP) on behalf of the Government of Canada and the Province of Manitoba. This program provided producers of grains, oilseeds and special crops with a one-time payment to assist them as they adjust to the elimination of transportation subsidies during a period of low prices.

Assistance of over $100 million was provided through this program. This amount, which includes administrative expenses, is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

Canada-Manitoba Adjustment Program 2 (CMAP 2)

Effective March 2001, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program 2. This program was introduced to help Manitoba producers in lessening the impact of the farm income crisis in the grains, oilseeds and special crop sectors.

Assistance of $92 million is being provided through this program. This amount, which includes administrative expenses, is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

5. Accounts Receivable

The accounts receivable as of March 31, 2001 consist of the following:

	March 31, 2001					March 31, 2000
	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan	Other Programs*	Total	Total
Insureds	$ 1,408,508	548,395	-	50,999	$ 2,007,902	$ 1,322,540
Government of Canada	1,352,350	-	7,398	55,709,848	57,069,596	61,294,962
Province of Manitoba	1,455,846	-	1,000	37,376,159	38,833,005	42,140,395
Accrued Interest	7,601,770	548,711	308,773	483	8,459,737	6,441,068
Other	62,361	123,922	-	28,445	214,728	23,556
	$ 11,880,835	1,221,028	317,171	93,165,934	$ 106,584,968	$ 111,222,521

* Included in Other Programs are accounts receivable of $92,000,000 for CMAP 2, $17,663 for CMAP, $33,818 for MFDAP, $28,445 for the Manitoba Management Plus Program and $1,086,008 for the Wildlife Damage Compensation Program.

6. Capital Assets

	March 31, 2001			March 31, 2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Equipment	$ 194,061	83,896	$ 110,165	$ 85,495
Computer Hardware	401,578	304,720	96,858	113,458
Computer Software	71,091	59,189	11,902	21,290
Major Application Development	2,907,419	2,082,355	825,064	1,143,852
Leasehold Improvements	297,560	158,705	138,855	136,639
	$ 3,871,709	2,688,865	$ 1,182,844	$ 1,500,734

7. Indemnities Payable

Indemnities payable for the Crop Insurance Program of $2,869,003 (2000 - $1,643,030) provide for indemnity payments relating to the 2000 crop year. This amount includes an estimate of $1,930,000 (2000 - $607,000) which represents the liability for unpaid claims and the loss of crop value due to the over-winter deterioration of unharvested crops.

Indemnities payable for Other Programs of $93,352,029 include a provision of $91,900,000 for assistance payments through the Canada-Manitoba Adjustment Program 2, $596,251 (2000 - $99,900,000) for the Canada-Manitoba Adjustment Program, and $855,778 (2000 - $198,922) for the Wildlife Damage Compensation Program.

8. Deferred Revenue

Deferred revenue represents administrative subsidies provided equally by the Government of Canada and the Province of Manitoba and used to acquire capital assets. Deferred revenue is recognized as revenue when amortization is recorded on capital assets.

9. Reinsurance Funds – Crop Insurance Program

In accordance with the terms of a reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of Government maintain separate reinsurance accounts. The Corporation pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on premiums collected plus the matching contributions paid by the Government of Canada and the Province of Manitoba. When indemnities are in excess of the funds retained by the Corporation and certain other conditions are met, transfers are made from the Crop Reinsurance Fund accounts to the Corporation. Interest is neither credited nor charged to the Funds by the Government of Canada or the Province of Manitoba.

	Reinsurance Fund of Canada for Manitoba		Reinsurance Fund of Manitoba	
	2001	2000	2001	2000
Opening surplus (deficit)	$ (2,446,370)	$ (2,885,689)	$ 20,231,573	$ 19,792,254
Current year premium contributions (net) *	406,412	439,319	406,412	439,319
Closing surplus (deficit)	$ (2,039,958)	$ (2,446,370)	$ 20,637,985	$ 20,231,573

* Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts

10. Reinsurance – Hail Insurance Program

In May 1999, the Corporation entered into a three-year reinsurance agreement for the Hail Insurance Program. This agreement provides for the 16 subscribing reinsurance companies to assume hail insurance losses including loss adjustment expenses from 100% to 175% of gross premium. The reinsurance cost is 7.75% of gross premiums. Reinsurance recoveries totalled $2,352,201 (2000 - $nil) and reinsurance premiums were $615,779 (2000 - $543,430).

11. Lease Agreements

Manitoba Crop Insurance Corporation has entered into long-term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31st	Lease Agreements Amounts
2002	$ 391,230
2003	329,905
2004	295,559
2005	233,566
2006	201,312
	$ 1,451,572
2007 and beyond	284,104
	$ 1,735,676

12. Contingencies

Various legal actions for additional indemnity payments and coverages have been commenced by producers against the Corporation. The outcome of these claims cannot be determined at this time.

13. Actuarial Review

An actuarial review of the 1998 Crop Insurance Program was completed by Tillinghast, consulting actuaries, in January 1998. The actuarial report concludes that the methodology used by the Corporation in establishing the probable yields of the crops covered by the Program meets the requirements of the Federal Crop Insurance Regulations. The report also concludes that the premium rate methodology is actuarially sound, is sufficient to meet expected claim costs, and includes a provision for adverse deviations from expected results.

A comprehensive actuarial review is completed every five years with any new programs or program changes being reviewed annually.

14. Related-Party Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Interest earned on investments held with the Province of Manitoba amounted to $17.7 million (2000 - $12.7 million). Included in accounts receivable (Note 5) is $8.5 million (2000 - $6.4 million) of accrued interest related to investments held with the Province of Manitoba.

15. Subsequent Events

In April 2001, $7.8 million, which represents the balance of the producers' share of the Gross Revenue Insurance Plan (GRIP) excess of revenue over expenditure, was distributed to producers according to their respective premium contributions. The governments' shares continue to be held by the Corporation pending direction on how the balance is to be disbursed.

By June of 2001, an additional reinsurance agreement for the Crop Insurance Program was subscribed to by 35 reinsurers. Effective for the 2001 crop year, this program provides for the reinsuring companies to assume approximately 75% of the crop insurance losses from 15% to 25% of coverage based on estimated total coverage of $1.0 billion. This will significantly spread the Crop Insurance Program's risk in the event of adverse loss experience thereby reducing premium rate variability. The reinsurance cost is 0.93% of total coverage.

16. Comparative Figures

Certain 2000 comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

Schedule 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2001

	2001	2000
Adjusters' wages, benefits and expenses	$ 2,890,121	$ 2,316,023
Advertising	115,326	119,340
Amortization expense	420,031	475,498
Appeal tribunal	18,616	14,589
Audit fees and legal	126,119	253,814
Directors' remuneration and expenses	61,279	47,314
Furniture and equipment	37,761	51,988
Information technology	432,945	430,517
Office rental and utilities	555,123	555,722
Other administrative expenses	276,295	288,664
Other administrative recoveries	(119,413)	(239,145)
Postage	104,942	107,720
Printing, stationery and office supplies	166,922	154,884
Salaries and employee benefits	5,501,782	5,181,167
Telephone	125,514	122,014
Travel and automobile expenses	297,778	284,550
Total administrative expenses	$ 11,011,141	$ 10,164,659
Administrative expenses allocated to:		
Crop Insurance Program	$ 9,221,090	$ 8,666,572
Gross Revenue Insurance Plan	16,652	80,198
Hail Insurance Program	1,773,399	1,417,889
Total administrative expenses	$ 11,011,141	$ 10,164,659

PRICEWATERHOUSECOOPERS

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Chartered Accountants
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June 8, 2001

Auditors' Report

To the Directors of
Manitoba Development Corporation

We have audited the balance sheet of **Manitoba Development Corporation** as at March 31, 2001 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Manitoba Development Corporation

Balance Sheet

As at March 31, 2001

	2001 $	2000 $
Assets		
Current assets		
Cash	72,940	228,345
Term deposits - Province of Manitoba	3,777,142	3,173,840
Accounts receivable		
Province of Manitoba	-	380,744
Other	67,678	5,693
	3,917,760	3,788,622
Assets managed for the Province of Manitoba under Part II		
Cash on hand held in trust	316,700	858,324
Accounts receivable (note 2)	139,774	583,454
Loans receivable (note 3)	45,726,653	43,727,044
Equity investments (note 4)	686,000	2,504,014
	46,869,127	47,672,836
	50,786,887	51,461,458
Liabilities and Equity		
Current liabilities		
Accounts payable - Part I	199,694	222,531
Long-term liabilities		
Accrued pension liabilities	538,995	547,250
Funds provided by the Province of Manitoba under Part II	46,869,127	47,672,836
	47,607,816	48,442,617
Equity		
Share capital		
Authorized and issued 100 shares at $10 per share	1,000	1,000
Retained earnings	3,178,071	3,017,841
	3,179,071	3,018,841
	50,786,887	51,461,458

Approved by the Board of Directors

Eliasson Director

Director

PRICEWATERHOUSECOOPERS

Manitoba Development Corporation

Statement of Income and Retained Earnings

For the year ended March 31, 2001

	2001 $	2000 $
Income from Part I		
Interest	249,947	217,447
Cost recoveries	-	943
	249,947	218,390
Income from Part II		
Interest - loans receivable	2,416,594	2,693,912
Pro-rata share of partnership earnings (losses)	(2,397,432)	1,566,443
Recovery of Part II expenses from (repayment of Part II income to) the Province of Manitoba		
Increase (decrease) in allowance for loan forgiveness	(2,367,518)	1,832,855
Increase in allowance for doubtful accounts	3,726,678	24,490,038
Decrease in provision for decline in value of investments	(64,668)	-
	1,313,654	30,583,248
	1,563,601	30,801,638
Expenses under Part I		
Administration	48,673	62,338
Pension benefit costs	41,044	(8,127)
	89,717	54,211
Expenses under Part II		
Increase (decrease) in allowance for loan forgiveness	(2,367,518)	1,832,855
Increase in allowance for doubtful accounts	3,726,678	24,490,038
Decrease in provision for decline in value of investments	(64,668)	-
Repayment of Part II interest on loan receivable to the Province of Manitoba	2,416,594	2,693,912
Provision for repayment (recovery) of pro-rata share of partnership earnings (losses)	(2,397,432)	1,566,443
	1,313,654	30,583,248
	1,403,371	30,637,459
Net income for the year	160,230	164,179
Retained earnings - Beginning of year	3,017,841	2,853,662
Retained earnings - End of year	3,178,071	3,017,841

Manitoba Development Corporation

Statement of Cash Flows

For the year ended March 31, 2001

	2001 $	2000 $
Provided by (used in) Part I activities		
Operating activities		
Net income for the year	94,286	164,179
Changes in operating assets and liabilities		
Accounts receivable		
Province of Manitoba	380,744	(231,028)
Other	3,959	(5,693)
Accounts payable	(22,837)	(5,083)
Accrued pension liabilities	(8,255)	(56,606)
	447,897	(134,231)
Investing activity		
Loan principal repayments	-	276,094
Net cash flow from Part I activities, carried forward	447,897	141,863

Manitoba Development Corporation

Statement of Cash Flows ...*continued*

For the year ended March 31, 2001

	2001 $	2000 $
Net cash flow from Part I activities, brought forward	447,897	141,863
Provided by (used in) Part II activities		
Loans receivable		
Principal repayments	4,864,960	9,216,966
Loans issued	(7,499,324)	(17,843,065)
Increase in accrued interest receivable	(724,405)	(736,386)
	(3,358,769)	(9,362,485)
Equity investments		
Investments made	(526,945)	(68,750)
Redemptions	12,195	163,853
	(514,750)	95,103
	(3,873,519)	(9,267,382)
Decrease in cash on hand held in trust	541,624	1,268,246
Decrease (increase) in accounts receivable	443,680	(485,628)
Funds provided by the Province of Manitoba	2,888,215	8,484,764
Net cash flow from Part II activities	-	-
Net increase in cash balance during the year	447,897	141,863
Cash balance - Beginning of year	3,402,185	3,260,322
Cash balance - End of year	3,850,082	3,402,185
Cash balance consists of the following		
Cash on hand	72,940	228,345
Term deposits - Province of Manitoba	3,777,142	3,173,840
	3,850,082	3,402,185

1 Significant accounting policies

Nature of operations and economic dependence

The Manitoba Development Corporation (the Corporation) provides loans and guarantees under Part I and Part II of the Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba. The Corporation's lending operations under Part I were suspended effective November 15, 1977 except at the direction of the Province of Manitoba.

Equity investments under Part II

The Corporation's equity investments related to share capital investments are recorded at cost. The Corporation's investments in the Vision Capital Fund, the Manitoba Capital Fund and the Manitoba Science and Technology Fund are accounted for using the equity method of accounting. These investments were originally recorded at cost and the carrying value is adjusted thereafter to include the Corporation's pro rata share of post acquisition earnings for these investments. Such adjustments are correspondingly reflected in the balance sheet caption "Funds provided by the Province of Manitoba under Part II."

Pension Plan

Past employees of the Corporation were not members of the Civil Service of the Province of Manitoba but they contributed to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension paid to retired employees. The current pension expense is determined on the basis of an actuarial valuation. Payments to pensioners are charged against the liability account.

Operating losses

Losses under Part I and under Part II of the Corporation are the responsibility of the Province and are charged directly against advances received from the Province.

Cash

For the purpose of the statement of cash flows, cash includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

2 Accounts receivable managed for the Province of Manitoba under Part II

The accounts receivable represent balances outstanding for interest, capital repayments or fees incurred by the Corporation on behalf of the following programs:

	2001 $	2000 $
Manitoba Industrial Opportunities Program	-	450,000
Manitoba Capital Fund	139,774	133,454
	139,774	583,454

3 Loans receivable managed for the Province of Manitoba under Part II

	2001 $	2000 $
Business support		
Manitoba Industrial Opportunities Program	69,643,010	70,533,704
Manufacturing Adaptation Program	58,344	152,083
Canada - Manitoba Economic Development Partnership	221,680	1,665,811
	69,923,034	72,351,598
Other loans receivable		
Canada/Manitoba Tourism Agreement	81,692	91,858
Vision Capital Fund	26,179,844	25,771,192
Crocus Foods (1996) Limited	370,337	376,990
Manitoba Film and Sound	184,937	400,000
Related to sale of Linnet Geomatics International Inc.	257,024	296,461
	27,073,834	26,936,501
	96,996,868	99,288,099
Less: Allowance for forgiveness	10,845,973	13,213,491
Allowance for doubtful accounts	40,424,242	42,347,564
	51,270,215	55,561,055
	45,726,653	43,727,044

The Vision Capital Fund loans receivable accrue interest at rates of 5% - 10.25% per annum and are secured by a debenture on all assets of the Fund. The interest accumulates in the Fund and is payable along with any outstanding loan advances on December 31, 2001.

4 Equity investments managed for the Province of Manitoba under Part II

	2001 $	2000 $
Share capital investments		
Class M preferred shares of A. E. McKenzie Co. Ltd.	2	54
Common shares of Crocus Foods (1996) Limited	75	75
Class C preferred shares of C.A.R.E. Corp.	477,170	684,270
	477,247	684,399
Less: Allowance for forgiveness of shares	(477,247)	(684,399)
	-	-
Limited Partnership Investments		
Vision Capital Fund	801,326	813,521
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	595,695	68,750
	5,760,221	5,245,471
Less: Provision for decline in value of investments	4,567,990	4,632,658
Pro-rata share of partnership earnings	506,231	(1,891,201)
	5,074,221	2,741,457
	686,000	2,504,014

On December 20, 1994, the Province of Manitoba entered into an agreement to sell the assets of A. E. McKenzie Co. Ltd. As part of the sale, the Corporation purchased 102 Class M preferred shares of the purchaser for $102, redeemable prior to December 31, 2001. During the year, the Corporation redeemed 52 of the Class M shares at the request of A. E. McKenzie Co. Ltd. for proceeds of nil. An allowance for forgiveness for the full amount of the shares had previously been recognized.

On November 1, 1996 the Corporation incorporated a new subsidiary company, Crocus Foods (1996) Limited (Crocus), to acquire 100% of the assets of Crocus Foods Ltd., a fresh vegetable processing plant in Southport, Manitoba that was petitioned into bankruptcy by its previous owners. The purpose of this acquisition was to ensure the plant did not close and that jobs were maintained. Total share capital of Crocus consists of 100 common shares with a total paid up capital of $100. On June 1, 1997, the Corporation agreed to transfer up to 75 shares of Crocus to the management of Crocus, subject to certain terms and conditions. Subsequently, the Corporation transferred 25 common shares of Crocus to management under the terms of this agreement. Crocus has been accounted for as a temporary investment instead of on a fully consolidated basis.

The Corporation holds 477,170 (2000 - 684,270) Class C non-voting preferred shares of C.A.R.E. Corp. The preferred shares are cancellable on an annual basis at the rate of $10,000 for every job held at C.A.R.E. Corp., commencing February 1999. During the year, the Corporation cancelled 207,100 of these shares (2000 - 115,730). Consistent with the treatment of other similar share capital investments managed for the Province of Manitoba under Part II, an allowance for forgiveness of shares has been taken to fully provide for the amount of the investment at the time of acquisition.

5 Contingent liability and commitments

During the 1999/2000 fiscal year the Corporation guaranteed a bank loan in the amount of $500,000 in regard to one of the Manitoba Industrial Opportunities Program investments. As at March 31, 2001, the bank loan outstanding against the guarantee totalled $40,291.

Commitments and undisbursed balances of approved loans under Part II

	2001 $	2000 $
Manitoba Industrial Opportunities Program	13,839,800	17,396,845
Canada - Manitoba Economic Development Partnership	278,320	1,734,189
Manitoba Science & Technology Fund	1,897,305	2,425,250
Renaissance Fund	3,000,000	3,000,000
Vision Capital Fund	2,681,013	2,681,013
Manitoba Capital Fund	636,800	636,800
	22,333,238	27,874,097

6 Financial instruments

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of the fair value because of the short maturity of those instruments.

The financial risk is the risk to the Corporation's Part I earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. Because Part II activities are directed by the Province of Manitoba, any exposure for these financial assets and liabilities to interest rate fluctuations or changes to their fair value would be borne by the Province. Credit risk relating to the realization of assets managed for the Province of Manitoba under Part II is borne by the Province.

MNP
MEYERS NORRIS PENNY

To the Board of Directors
Manitoba Film and Sound Recording Development Corporation

AUDITORS' REPORT

We have audited the balance sheet of Manitoba Film and Sound Recording Development Corporation as at March 31, 2001 and the statements of revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP
Chartered Accountants

April 19, 2001

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

BALANCE SHEET
MARCH 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash (Note 3)	$ 375,020	$ 508,897
Note receivable	-	250,000
Accounts receivable	9,247	16,251
Prepaid expenses	12,967	26,816
Inventory	5,748	8,037
	402,982	810,001
NOTES RECEIVABLE (Note 4)	184,937	150,000
CAPITAL ASSETS (Note 5)	84,517	93,547
	$ 672,436	$1,053,548
LIABILITIES		
CURRENT		
Accounts payable	$ 34,280	$ 39,662
Current portion of long-term debt	-	250,000
Carry-over commitments (Note 6)	293,619	299,008
	327,899	588,670
LONG-TERM DEBT (Note 7)	184,937	150,000
	512,836	738,670
FORWARD COMMITMENTS (Note 8)		
SURPLUS		
SURPLUS	159,600	314,878
	$ 672,436	$1,053,548

ON BEHALF OF THE BOARD:

C Barker. Director

Director

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2001

	2001	2000
REVENUES		
Provincial Government funding	$2,013,900	$2,013,900
Interest income	40,000	54,916
Program recoupments	126,356	155,731
Other provincial funding	-	5,000
Miscellaneous	-	2,330
	2,180,256	2,231,877
EXPENDITURES		
Film & Television Programs Funding:		
Film Dèvelopment Production	172,810	82,759
Film Production Financing Program	1,016,883	1,063,637
Film & Video Product Marketing Support Program	2,700	2,604
Interest expense	10,982	18,803
	1,203,375	1,167,803
Sound Programs Funding:		
Sound Recording Production Fund	88,078	78,712
Demo Recording Fund	29,482	26,128
Music Video Fund	21,198	13,024
Record Product Marketing Support Program	12,800	23,022
Recording Artist Touring Support Program	27,685	26,184
Professional Development	33,511	38,843
	212,754	205,913
Industry Support:		
Film:		
Industry Associations/Co-operatives	32,000	60,000
Sponsorships	54,021	22,350
Marketing	8,124	8,000
Professional Development	25,913	39,500
	120,058	129,850
Sound Recording:		
Sponsorships	26,750	34,500
Marketing	14,780	6,858
	41,530	41,358
Administrative (includes Locations/Film Commission):		
- Salaries	416,949	373,071
- Operating	340,868	314,236
	757,817	687,307
	2,335,534	2,232,231
DEFICIENCY OF REVENUES OVER EXPENDITURES	$ (155,278)	$ (354)
SURPLUS, BEGINNING OF YEAR	314,878	315,232
SURPLUS, END OF YEAR	$ 159,600	$ 314,878

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2001

	2001	2000
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	$ (155,278)	$ (354)
Amortization	20,888	11,281
Loss on disposal	(75)	6,788
Carry-over commitments expensed	1,421,050	1,503,232
Payments on outstanding carry-over commitment	(1,426,439)	(1,639,491)
Accounts receivable	7,004	(5,219)
Prepaid expenses	13,849	(16,249)
Inventory	2,288	(8,037)
Accounts payable	(5,381)	11,270
	(122,094)	(136,779)
INVESTING ACTIVITIES		
Additions to capital assets	(11,783)	(94,601)
Repayment of loan receivable	250,000	274,102
Advance of loan receivable	(34,937)	(150,000)
	203,280	29,501
FINANCING ACTIVITIES		
Repayment of long-term debt	(250,000)	(274,102)
Advances of long-term debt	34,937	150,000
	(215,063)	(124,102)
DECREASE IN CASH FLOWS	(133,877)	(231,380)
CASH, BEGINNING OF PERIOD	508,897	740,277
CASH, END OF PERIOD	$ 375,020	$ 508,897

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

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1. NATURE OF BUSINESS

Manitoba Film and Sound Recording Development Corporation (the "Corporation") is a statutory corporation created by the Province of Manitoba through *The Manitoba Film and Sound Development Recording Development Corporation Act*. The chief objective of the Corporation is to foster growth of the Manitoba film and sound recording industries by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Manitoba Film & Video Production Tax Credit Program, including registration of productions and review of tax credit applications.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

PROGRAM FUNDING

The corporation provides grant funding to Manitoba companies and individuals in four categories in order to promote Manitoba's film and sound recording artists and industries. The grant may nominally take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

REVENUE RECOGNITION

Any recovery of principal or return on investment of programs funded is recorded as program recoupments, when received.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. The annual rates are as follows:

Computer hardware	30%
Furniture	20%
Leasehold improvements	5%
Equipment	20%

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Amortization of capital assets is provided based on the Corporation's estimated useful lives of those assets.

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

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2. SIGNIFICANT ACCOUNTING POLICIES (con't)

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. CASH

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates.

4. NOTES RECEIVABLE

Notes receivable, advanced under the "Special Loan" fund, are required to be repaid.

	2001	2000
Term loan bearing interest at 6.375%, interest payable monthly, and principal balance due April 15, 2000, secured by an assignment of film tax credits.	-	250,000
Term loan bearing interest at 7.625%, interest payments due monthly, and principal balance due on June 1, 2002, secured by an assignment of film tax credits.	150,000	150,000
Term loan bearing interest at 7.0%, interest payable monthly, and principal balance due August 15, 2003, secured by an assignment of film tax credits.	34,937	-
	184,937	400,000
Less: Current portion	-	250,000
	$ 184,937	$ 150,000

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

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5. CAPITAL ASSETS

	2001			2000
	Costs	Accumulated Amortization	Net Book Value	Net Book Value
Website	$ 4,907	$ 1,325	$ 3,582	$ 3,735
Computer equipment	37,336	17,094	20,242	23,441
Furniture	35,360	11,306	24,054	27,628
Leasehold improvements	38,597	3,293	35,304	37,221
Equipment	2,358	1,023	1,335	1,522
	$ 118,558	$ 34,041	$ 84,517	$ 93,547

6. CARRY-OVER COMMITMENTS

Due to lead times required to obtain all the resources necessary to complete film, video and audio productions, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods.

	Year of Commitment				Total	
	00/01	99/00	98/99	97/98	2001	2000
Film						
Film development	$ 37,553	$ 1,887	$ -	$ -	$ 39,440	$ 7,466
Film production	139,777	39,216	5,650	-	184,643	230,342
Film & video marketing	1,350	-	-	-	1,350	174
Discretionary film	275	4,143	-	-	4,418	21,325
	178,955	45,246	5,650	-	229,851	259,307
Sound						
Sound recording	38,250	2,750	-	4,124	45,124	24,620
Demo recording	11,427	240	-	-	11,667	3,000
Audio marketing	1,300	-	-	-	1,300	6,992
Sound touring	1,050	-	-	-	1,050	200
Music video production	400	-	-	-	400	500
Professional Development	4,227	-	-	-	4,227	4,389
Discretionary sound	-	-	-	-	-	-
	56,654	2,990	-	4,124	63,768	39,701
Total Commitments	$ 235,609	$ 48,236	$ 5,650	$ 4,124	$ 293,619	$ 299,008

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001

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7. LONG-TERM DEBT

	2001	2000
Term loan bearing interest at 6.625%, interest payments due semi-annually and principal balance due June 1, 2002	$150,000	$150,000
Term loan bearing interest at 5.375%, interest payable semi-annually and principal balance due April 15, 2000	-	250,000
Term loan bearing interest at 6.0%, interest payable semi-annually and principal balance due March 15, 2002	34,937	-
	184,937	400,000
Less: Current portion	-	250,000
	$184,937	$150,000

Long-term debt is secured by notes receivable, which are detailed in Note 4.

8. FORWARD COMMITMENTS

Due to the demand for funding of film, video and audio productions, the Corporation approves applications for funding which will not be disbursed until subsequent fiscal periods, contingent on future provincial funding.

As at March 31, 2001 the Corporation had forward commitments of $547,117 into fiscal year 2001/2002 and of $612,463 into 2002/2003, for total forward commitments of $1,159,580.

9. LEASE COMMITMENTS

The Corporation has entered into various lease agreements with minimum annual payments as follows:

2002	60,057
2003	60,057
2004	60,057
2005	2,094

10. ECONOMIC DEPENDENCE

The Corporation's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Trustees of The Manitoba Foundation

We have audited the balance sheet of The Manitoba Foundation as at March 31, 2001 and the statement of income and expenditure for the year then ended. These financial statements are the responsibility of the Foundation's Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Foundation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
September 6, 2001

THE MANITOBA FOUNDATION
BALANCE SHEET

As At March 31, 2001
(with comparative figures for March 31, 2000)

	2001 $	2000 $
ASSETS		
Funds on deposit with the Minister of Finance	11	10
FUND BALANCE		
Fund balance	11	10

THE MANITOBA FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended March 31, 2001
(with comparative figures for the year
ended March 31,2000)

	2001 $	2000 $
INCOME:		
Interest and other income	1	0
EXPENDITURE:		
Administrative expenditures	0	0
EXCESS OF INCOME OVER EXPENDITURE	1	0
FUND BALANCE AT BEGINNING OF YEAR	10	10
FUND BALANCE AT END OF YEAR	11	10

APPROVED BY THE BOARD:

Trustee

Trustee

THE MANITOBA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

I. INCORPORATION AND FUNCTION

The Manitoba Foundation was established by The Manitoba Foundation Act which was proclaimed on November 22, 1993.

The Manitoba Foundation meets the requirement of Crown Agency status within the meaning of the Income Tax Act, and as such can receive gifts to Her Majesty in right of Manitoba and issue official receipts for income tax purposes.

The Foundation is intended to act as a conduit, for the transfer of gifts received, to institutions which are registered charities and are designated by the Lieutenant Governor in Council in the Regulations under The Manitoba Foundation Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Foundation financial statements are prepared in accordance with generally accepted accounting principles.

3. GIFTS POLICY AND WITHHOLDINGS FOR ADMINISTRATIVE EXPENSES

Gifts to the Foundation must have a value of not less than $10,000 and the transfer of these properties must be voluntary.

The Trustees of the Foundation are entitled to cover their administrative costs from the property and earnings of the fund and have adopted a withholding policy for this purpose. The full amount of the gift is the amount that qualifies for the purposes of an official tax receipt.

The Trustees will review the fund balance and intend to transfer any excess amount withheld to the designated institution(s) on a pro rata basis.

4. SERVICES PROVIDED BY THE PROVINCE

The Province of Manitoba provides administrative support services at no charge to the Foundation. The full costs of these services are nominal in amount.

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

AUDITORS' REPORT

We have audited the balance sheet of MANITOBA GAMING CONTROL COMMISSION as at March 31, 2001 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

BDO Dunwoody LLP
Chartered Accountants

Winnipeg, Manitoba
May 30, 2001

BALANCE SHEET

March 31	2001	2000
ASSETS		
Current Assets		
Cash	$ 130,574	$ 210,911
Short-term investments	2,540,955	2,167,588
Accounts receivable	147,303	170,900
	2,818,832	2,549,399
Capital assets (Note 1)	403,903	464,160
	$ 3,222,735	$ 3,013,559
LIABILITIES AND SURPLUS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 423,755	$ 447,258
Deferred revenue (Note 2)	1,162,735	1,176,585
	1,586,490	1,623,843
Deferred lease inducements (Note 3)	69,125	79,625
	1,655,615	1,703,468
Surplus	1,567,120	1,310,091
	$ 3,222,735	$ 3,013,559

On behalf of the Board:

John K. Collins
Vice-Chair

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STATEMENT OF OPERATIONS AND SURPLUS

For the Year ended March 31	2001	2000
Revenue		
Registration fees	$ 2,157,800	$ 2,119,313
License fees	1,344,186	1,396,958
	3,501,986	3,516,271
Expenses		
Salaries and benefits	2,340,916	2,160,195
Other expenses (Note 4)	411,195	141,714
Rent	139,696	127,356
Transportation	120,711	134,123
Amortization	94,776	113,533
Legal and professional fees	78,642	105,742
Communications	77,568	82,424
Supplies and services	70,373	77,497
Commission Board	42,945	37,678
Accommodations	31,102	42,625
	3,407,924	3,022,887
Income before other items	94,062	493,384
Other items		
Other income	62,900	14,641
Interest income	100,067	63,060
	162,967	77,701
Excess of revenue for the year	257,029	571,085
Surplus, beginning of year	1,310,091	739,006
Surplus, end of year	$ 1,567,120	$ 1,310,091

STATEMENT OF CASH FLOWS

For the Year ended March 31	2001	2000
Cash Flows from Operating Activities		
Excess of revenue for the year	**$ 257,029**	$ 571,085
Items not involving cash		
Amortization of capital assets	**96,977**	116,242
	354,006	687,327
Changes in non-cash working capital balances		
Accounts receivable	**23,597**	5,975
Accounts payable and accrued liabilities	**(23,503)**	(58,241)
Deferred revenue	**(13,850)**	95,160
	340,250	730,221
Cash Flows from Investing Activities		
Purchase of capital assets	**(36,720)**	(152,229)
Cash Flows from Financing Activities		
Deferred lease inducements	**(10,500)**	(10,500)
Increase in cash and cash equivalents during the year	**293,030**	567,492
Cash and cash equivalents, beginning of year	**2,378,499**	1,811,007
Cash and cash equivalents, end of year	**$ 2,671,529**	$ 2,378,499
Represented by		
Cash	**$ 130,574**	$ 210,911
Short-term investments	**2,540,955**	2,167,588
	$ 2,671,529	$ 2,378,499

March 31, 2001

NATURE OF BUSINESS

The Manitoba Gaming Control Commission was established by The Gaming Control Act. The organization's objectives are to regulate and control gaming activity in the province with the aims of ensuring that gaming activity is conducted honestly, with integrity and in the public interest. The organization began its operations on October 20, 1997.

FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CAPITAL ASSETS

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	20% declining balance basis
Furniture and fixtures	10% declining balance basis
Computer equipment	30% declining balance basis

REVENUE RECOGNITION

Revenue and expenses are recorded on an accrual basis except for license fee revenue, which is recognized on a cash receipt basis.

March 31, 2001

---

1. CAPITAL ASSETS

			2001	2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 55,539	$ 24,618	$ 30,921	$ 37,681
Furniture and fixtures	295,673	85,261	210,412	232,284
Computer equipment	342,950	180,380	162,570	194,195
	$ 694,162	$ 290,259	$ 403,903	$ 464,160

2. DEFERRED REVENUE

Deferred revenue consists of registration fees received to be recognized as revenue in the year in which the related expenses are incurred.

3. DEFERRED LEASE INDUCEMENTS

The organization has received lease inducements in the form of a rent-free period of approximately ten months. The benefits arising from these lease inducements are amortized over the term of the lease on a straight-line basis as reductions of rental expense. Rental expense has been reduced by $10,500 for the period ending March 31, 2001 ($10,500 in 2000) and an annual reduction in rental expense of approximately $10,500 is expected for the years 2002 through 2007

4. OTHER EXPENSES

Other expenses include the First Nations Implementation Team expenses of $251,911.

5. COMMITMENTS

The organization has an operating lease for its premises at $12,094 per month, under a lease expiring in 2007.

The minimum annual lease payments for the next five years are as follows:

2002	$ 145,125
2003	145,125
2004	145,125
2005	145,125
2006	145,125

March 31, 2001

6. ECONOMIC DEPENDENCE

A substantial portion of the organization's total revenue is derived from Manitoba Lotteries Corporation in the form of registration fees.

7. PENSION PLANS

Current service contributions are recognized as operating expenses. The organization participates on a fully funded basis and its contributions of $52,634 ($57,229 in 2000) represent the total contributions for the year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS'REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of The Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2001 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 16, 2001

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2001
(with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
Assets						
Current						
Cash	$38,812	$1,313	$53,676		$93,801	$190,055
Funds on deposit with Province of Manitoba	376,824	128,628	125,915		631,367	577,789
Accounts Receivable						
Government of Canada	70,000				70,000	55,557
Province of Manitoba	1,783	6,393	802		8,978	33,499
Other	5,199	678			5,877	73,706
Due from Manitoba Agro Woodlot Program	3,273				3,273	5,757
Due from Green Banks Program	8,891				8,891	19,949
Prepaid expenses	12,885	500			13,385	27,063
	517,667	137,512	180,393		835,572	983,375
Capital assets (Note 3)				$1,324,573	1,324,573	1,219,781
					2,160,145	2,203,156
Trust assets (Notes 7a and 7b)					714,899	720,370
	$517,667	$137,512	$180,393	$1,324,573	$2,875,044	$2,923,526
Liabilities						
Current						
Accounts payable and accrued liabilities	$116,713	$18,131			$134,844	$179,330
Due to North American Waterfowl Management Plan		3,273	8,891		12,164	25,706
	116,713	21,404	8,891		147,008	205,036
Deferred contributions (Note 4)	400,954	116,108	171,502		688,564	778,339
Fund balances						
Invested in Capital Assets				$1,324,573	1,324,573	1,219,781
					2,160,145	2,203,156
Trust liabilities (Notes 7a and 7b)					714,899	720,370
	$517,667	$137,512	$180,393	$1,324,573	$2,875,044	$2,923,526

Commitments (Note 5)

On behalf of the Board:

Director__________

Director__________

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances
for the year ended March 31, 2001
(with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
REVENUE						
Federal Government Contributions	$290,000	$11,000	$30,600		$331,600	$299,519
Province of Manitoba Contributions	529,923	261,618	44,634		836,175	1,006,659
Contributed Services, Province of Manitoba	58,525	76,882	11,011		146,418	158,970
Donations	310	–	–		310	388
Interest Income	14,861	6,459	10,756		32,076	35,412
Other	147,035	11,523	13,209		171,767	203,323
Management Fees (Note 8)	65,633	–	–		65,633	65,803
	1,106,287	367,482	110,210	–	1,583,979	1,770,074
EXPENSES						
Amortization of Capital Assets				$39,690	39,690	34,358
Service Delivery - Schedule 1	982,438				982,438	1,113,869
- Schedule 2		363,849			363,849	427,055
- Schedule 3			110,210		110,210	113,517
	982,438	363,849	110,210	39,690	1,496,187	1,688,799
Excess (Deficiency) of Revenue over Expenses	123,849	3,633	–	(39,690)	87,792	81,275
Fund Balances, beginning of year	–	–	–	1,219,781	1,219,781	1,001,210
Donated land (Note 2b)				17,000	17,000	137,296
Interfund Transfers	(123,849)	(3,633)	–	127,482	–	–
Fund Balances, end of year	$ –	$ –	$ –	$1,324,573	$1,324,573	$1,219,781

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2001
(with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
Cash from operating activities						
Excess (deficiency) of revenue over expenses	$123,849	$3,633	–	$(36,690)	$90,792	$81,275
Amortization of capital assets				36,690	36,690	34,358
Net change in non-cash working capital	(2,112)	(4,267)	53,478		47,099	224,064
Increase (decrease) in deferred contributions	115,077	39,782	(244,634)		(89,775)	(38,260)
Net cash generated through operating activities	236,814	39,148	(191,156)	–	84,806	301,437
Financing and investing activities						
Purchase of capital assets	–	–	–	(127,482)	(127,482)	(115,633)
Interfund Transfers	(123,849)	(3,633)	–	127,482	–	–
Net increase (decrease) in cash	112,965	35,515	(191,156)	–	(42,676)	185,804
Cash and cash equivalents, beginning of year	302,671	94,426	370,747	–	767,844	582,040
Cash and cash equivalents, end of year	$415,636	$129,941	$179,591	$ –	$725,168	$767,844
Cash and cash equivalents consist of :						
Cash	$38,812	$1,313	$53,676		93,801	$190,055
Funds on deposit with Province of Manitoba	376,824	128,628	125,915		631,367	577,789
	$415,636	$129,941	$179,591	$ –	$725,168	$767,844

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2001

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations thereof. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Manitoba Agro Woodlot Program (MAWP)

On May 7, 1992 the Corporation signed a memorandum of agreement with Manitoba Department of Natural Resources to deliver the Manitoba Agro Woodlot Program in Southwestern Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) The Green Banks Program

In January 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

Interest income earned on restricted funds' resources is recognized as revenue of the related restricted fund.

Management fees are recognized as revenue in the year the service is provided.

b) Capital Assets

The Capital Asset Fund reports the assets and related amortization of the Corporation's capital assets.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful life of the capital asset at the rates indicated below. Amortization expense is recorded in the capital asset fund.

Computer hardware	-	20%
Computer software	-	33%
Equipment	-	10%
Furniture and fixtures	-	10%

c) Contributed Services

Services are contributed by the Wildlife and Forestry Branches of Manitoba Conservation. Contributed services are recorded at cost which is fair value.

d) Funds on Deposit with Province of Manitoba

Funds on deposit are recorded at cost which approximates market. All funds on deposit have terms of 90 days or less.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Land and Land use rights	$1,230,312	$ --	$1,230,312	$1,118,580
Computer hardware	142,275	94,031	48,244	48,138
Computer software	19,708	12,034	7,674	10,969
Equipment	76,526	45,150	31,376	29,236
Furniture and fixtures	51,563	44,596	6,967	12,858
Total capital assets	$1,520,384	$195,811	$1,324,573	$1,219,781

4. Deferred Contributions

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	MAWP	GREEN BANKS	2001	2000
Beginning balance	$285,876	$ 76,327	$416,136	$778,339	$816,599
Less amount recognized as revenue	--	(11,000)	(44,634)	(55,634)	(52,893)
Less Provincial grants rescinded	--	--	(200,000)	(200,000)	--
Add revenue received and deferred	115,078	50,781	--	165,859	14,633
Ending balance	$400,954	$116,108	$171,502	$688,564	$778,339

5. Commitments

a) The Corporation leases land for wildlife habitat under NAWMP. Each lease is subject to the condition that sufficient funds are appropriated by the Province of Manitoba. The future minimum lease payments in the aggregate and for each of the six succeeding years are:

2002	$26,934
2003	16,094
2004	11,528
2005	9,909
2006	6,086
2007	1,512
Aggregate	$72,063

b) Pursuant to agreements the Corporation contributes to the operating costs of four field offices under NAWMP. The Corporation's minimum payment in 2002 is $37,200.

c) The Corporation leases vehicles and office equipment under NAWMP and MAWP. The future minimum lease payments in the aggregate and for each of the three succeeding years are:

2002	$16,604
2003	8,659
2004	534
Aggregate	$25,797

d) The Corporation leases space for the Winnipeg office at an annual base rent of $24,035. The lease expires March 31, 2003.

e) At March 31, 2001 the Green Banks Program included several projects in progress. Remaining commitments under these signed agreements total approximately $161,357.

6. Employee Pension Plan

Under the terms of the Corporation's pension plan, employee contributions are matched by the Corporation on a current basis. As a result, there are no unfunded liabilities and no outstanding corporate obligations.

7. Trust Assets/Liabilities

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation is a partner to the CWHP along with the Wildlife Branch of Manitoba Conservation.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP's funds designated to the Corporation including funds of the Manitoba Forestry/Wildlife Management Project (MFWMP) and Species At Risk Habitat Stewardship Program (SARA). A management fee is charged by the Corporation for the services provided by NAWMP. Disbursements are made at the direction of the Wildlife Branch. Grants from the Province of Manitoba flow through the Corporation to this program.

Trust assets held by MHHC on behalf of this program include:

	2001	2000
Land Portfolio	$593,280	$593,280
Cash – CWHP	51,904	46,133
Cash – MFWMP	11,719	23,121
Cash – SARA	40,023	--
	$696,926	$662,534

b) Manitoba Model Forest Inc. (MBMF)

On March 31, 1997 the Corporation entered into a one year agreement with MBMF to provide banking and financial services to this program. The agreement was subsequently extended for a further period of two years until March 31, 2000. As the project is near completion an extension to this agreement has not been formalized. Disbursements are made at the direction of the General Manager of MBMF. A management fee is charged by the Corporation for the services provided by NAWMP.

Trust assets held by MHHC on behalf of this program include:

	2001	2000
Cash	$17,973	$57,836

8. Management Fees

The Corporation charges for services provided by NAWMP and MAWP to other programs as follows:

	2001	2000
NAWMP		
MAWP ($11,511 + $1,473)	$12,984	$19,746
Green Banks Program	50,651	42,501
CWHP	1,748	2,424
MBMF	250	500
	$ 65,633	$65,171
MAWP		
Green Banks Program	--	632
	$ 65,633	$65,803

9. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of funding.

10. Public Sector Compensation Disclosure

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totaled $8,450 (2000 - $5,608). In addition, one contract employee, T. Sopuck, Communications Manager, received $55,441 (2000 - $54,643) in the fiscal year.

THE MANITOBA HABITAT HERITAGE CORPORATION

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2001
(with comparative figures for 2000)

	2001	2000
Expenses		
Habitat activities		
Salaries and benefits	$283,197	$325,309
Field office operations	58,191	70,529
Staff support	54,151	63,238
Nest baskets	33,553	41,098
Land leases	55,744	76,280
Habitat development	10,236	25,889
Taxes	14,019	13,693
	509,091	616,036
Evaluation	13,054	60,090
Communications		
Salaries and benefits	71,797	71,258
Program delivery	48,415	45,236
	120,212	116,494
Program coordination		
Salaries and benefits	176,324	177,137
Rent	32,763	42,541
Office	33,538	37,140
Other	56,292	27,258
Professional fees	9,854	15,058
Board meetings and remuneration	19,856	10,598
Travel	11,454	11,517
	340,081	321,249
Total expenses	$982,438	$1,113,869

THE MANITOBA HABITAT HERITAGE CORPORATION

Schedule 2

MANITOBA AGRO WOODLOT PROGRAM

Schedule of Expenses for the year ended March 31, 2001
(with comparative figures for 2000)

	2001	2000
Expenses		
Habitat activities		
Salaries and benefits	$213,692	$237,226
Incentives	18,031	22,432
Special projects	2,121	7,335
Travel	43,213	52,787
Office	21,608	29,380
Management fees (Note 8)	11,511	17,762
Rent	10,851	15,912
Other	15,370	17,484
Professional fees	250	473
Training workshops	17,061	12,423
	353,708	413,214
Communications		
Management fees (Note 8)	1,473	1,984
Program delivery	8,668	11,857
	10,141	13,841
Total expenses	$363,849	$427,055

Schedule 3

THE MANITOBA HABITAT HERITAGE CORPORATION

GREEN BANKS PROGRAM

Schedule of Expenses for the year ended March 31, 2001
(with comparative figures for 2000)

	2001	2000
Expenses		
Management fees (Note 8)	$50,651	$43,133
Reconnaissance and delivery	11,011	12,570
Managed grazing systems	41,021	35,606
Other	7,527	22,208
Total expenses	**$110,210**	**$113,517**

DAY & STOKOTELNY

CHARTERED ACCOUNTANTS
BUSINESS CONSULTANTS

Kenneth E. Day, CA
Ronald W. Stokotelny, CA

100 - 1602 St. Mary's Road
Winnipeg, Manitoba R2M 3W5

Phone: (204) 985-6767
Fax: (204) 254-2066

July 5, 2001

AUDITORS' REPORT

To the Legislative Assembly of Manitoba:

We have audited the statement of financial position of **The Manitoba Health Research Council** as at March 31, 2001 and the statements of revenue, expenditures and fund balances and changes in cash flows for the year then ended. These financial statements are the responsibility of Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Research Council as at March 31, 2001, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Day & Stokotelny

Chartered Accountants

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31	2001	2000
ASSETS		
Current		
Cash	$ 7,509	$ 4,648
Short-term investments (market value $1,167,108; 2000 - $908,528)	1,124,922	858,608
Accounts receivable	282,146	9,313
Accrued interest receivable	51,223	40,279
Deposits	500	500
	1,466,300	913,348
Capital assets, at cost (note 2)		
Office equipment	6,375	6,375
Computer equipment	2,515	2,515
	8,890	8,890
Less: Accumulated amortization	(3,769)	(2,489)
	5,121	6,401
	$ 1,471,421	$ 919,749
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 22,008	$ 6,433
Research grants payable	660,215	142,711
	682,223	149,144
Non-current research grants payable	28,500	42,000
	710,723	191,144
Future commitments of the Research Fund (note 3)		
FUND BALANCES		
Research Fund	376,592	314,417
Strategic Health Research Development Fund	384,106	414,188
Total fund balances	760,698	728,605
	$ 1,471,421	$ 919,749

See Accompanying Notes

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2001

	Research Fund	Strategic Health Research Development Fund	2001 Total	2000 Total
REVENUE				
Province of Manitoba – Grant	$ 1,752,600	$ -	$ 1,752,600	$ 1,752,600
Regional Partnerships Grant	992,351	-	992,351	-
Grants returned / rescinded	21,962	1,346	23,308	316,695
Interest	51,796	28,828	80,624	48,767
	2,818,709	30,174	2,848,883	2,118,062
EXPENDITURES				
Personnel awards	768,717	-	768,717	794,528
Research grants	1,020,600	48,750	1,069,350	910,656
Regional Partnerships Awards	863,663	-	863,663	119,888
Administration (schedule)	103,554	11,506	115,060	109,145
	2,756,534	60,256	2,816,790	1,934,217
Excess (deficiency) of revenue over expenditures	62,175	(30,082)	32,093	183,845
FUND BALANCES				
Fund balances, beginning	314,417	414,188	728,605	544,760
Fund balances, ending	$ 376,592	$ 384,106	$ 760,698	$ 728,605

See Accompanying Notes and Schedule

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF CHANGES IN CASH FLOWS

YEAR ENDED MARCH 31	2001	2000
Operating activities		
Excess of revenue over expenditures	$ 32,093	$ 183,845
Amortization not requiring a current outlay of funds	1,280	1,600
	33,373	185,445
Net change in non-cash working capital balances		
(Increase) decrease in short-term investments	(266,314)	158,990
(Increase) decrease in accounts receivable	(272,833)	(8,977)
(Increase) decrease in accrued interest receivable	(10,944)	39,042
Increase in accounts payable and accrued liabilities	15,575	2,133
Increase (decrease) in current research grants payable	517,504	(452,487)
	(17,012)	(261,299)
	16,361	(75,854)
Financing activities		
Increase (decrease) in non-current research grant	(13,500)	23,750
Increase (decrease) in cash during the year	2,861	(52,104)
Cash, beginning of year	4,648	56,752
Cash, end of year	$ 7,509	$ 4,648

See Accompanying Notes

1 Incorporation and function

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Council relies entirely on grants from the Province of Manitoba and its agencies. The Manitoba Health Research Council is a registered charity within the meaning of the Income Tax Act.

2 Significant accounting policies

Fund accounting

The Manitoba Health Research Council follows the restricted fund method of accounting for contributions.

The Strategic Health Research Development Fund reports only restricted resources that are used for qualified research and development projects in the health industry sector in Manitoba. Grants awarded to qualified researchers must be matched by private sector grants awarded to those researchers. Grants and awards are recorded as an expenditure in the year the commitment is made regardless of when the grant will be paid out.

The Research Fund reports only restricted resources that are used for research purposes.

Capital assets

Capital assets are amortized at rates and methods designed to write-off the assets over their estimated useful lives as follows:

Office equipment	20% diminishing balance
Computer equipment	20% diminishing balance

Short-term investments

Short-term investments are carried at the lower of cost and market value.

Interest revenue

Interest revenue is allocated proportionately to the Strategic Health Research Development Fund and to the General Fund on the basis of monthly Fund balances.

Research grants and Regional Partnerships Awards

Research grants and Regional Partnerships Awards are charged to expenditures when funding is committed by Council. Research grants returned to or rescinded by the Council are recorded as revenues when received or rescinded.

Personnel Awards

Personnel awards and their renewals are charged to expenditures when funding is approved by Council.

Administration Expenditures

Administration expenditures are allocated 10% (2000 – 30%) to the Strategic Health Research Development Fund and 90% (2000 - 70%) to the Research Fund.

3 Future commitments of the Research Fund

The Manitoba Health Research Council has committed grants and awards under the Research Fund as follows:

2002	$ 1,728,011
2003	237,100
2004	77,000
2005	77,000
	$ 2,119,111

Future commitments of the Research Fund are not recorded as an expenditure in the year of commitment.

These commitments are funded as follows:

Current Research Fund Balance	$ 376,592
Future provincial government funding	1,742,519
	$ 2,119,111

4 Related party transactions

Office accommodation is provided at no charge by the University of Manitoba.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related to all Province of Manitoba departments and agencies. The Council enters into transactions with these entities in the normal course of business.

ADMINSTRATION EXPENDITURES

YEAR ENDED MARCH 31	2001	2000
Amortization	$ 1,280	$ 1,600
Audit	2,200	2,100
Bank charges	175	274
Council and committee expenses	1,855	1,714
Goods and Services Tax	217	264
Insurance	2,975	2,975
Office maintenance	436	679
Postage and delivery	1,436	1,091
Printing and stationery	2,789	2,903
Salaries and benefits	100,593	94,464
Telephone	1,101	1,081
	$ 115,060	$ 109,145

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

In accordance with section 7 of The Health Services Insurance Act, we have audited the balance sheet of the Manitoba Health Services Insurance Plan as at March 31, 2001 and the statement of revenue and expenditure, and net assets for the year then ended. These financial statements, which reflect the Plan's health program expenditures for insured services and the funding provided for these programs from the Department of Health appropriations for the Health Services Insurance Fund and Expenditures Related to Capital, have been prepared in accordance with the accounting policies described in note 2. These financial statements are the responsibility of the management of the Department of Health. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Manitoba Health Services Insurance Plan as at March 31, 2001 and the revenue and expenditure for the year then ended in accordance with the accounting policies described in note 2.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 29, 2001

Manitoba Health Services Insurance Plan

Balance Sheet

As At March 31, 2001

ASSETS

	2001	2000
	(thousands of dollars)	
Cash	$ 17,476	$ 16,214
Funds on deposit with the Province of Manitoba	137,709	129,946
Accounts receivable:		
Province of Manitoba	68	64
Other Provinces and Territories	9,024	8,738
Other	8,872	5,894
	17,964	14,696
Prepaid expenses	---	1,309
Funds held in trust re debenture trust agreements (Note 3)	68,868	59,734
	$242,017	$221,899

LIABILITIES AND NET ASSETS

	2001	2000
	(thousands of dollars)	
Accounts payable and accrued liabilities:		
Health Authorities and Facilities	$ 98,169	$ 94,020
Medical services claims	32,347	32,664
Pharmacare claims	6,588	4,931
General	21,479	11,722
	158,583	143,337
Provision for long term disability benefits (Note 7)	13,766	18,028
Holdbacks relating to debenture trust agreements (Note 3)	68,868	59,734
Net assets	800	800
	$242,017	$221,899

See accompanying notes to financial statements.

Manitoba Health Services Insurance Plan

Statement of Revenue and Expenditure, and Net Assets

For the Year Ended March 31, 2001

	2001	2000
	(thousands of dollars)	
Revenue:		
Grants from the Province of Manitoba	$2,393,716	$2,166,178
Third party recoveries	8,399	6,169
Miscellaneous	122	29
Total revenue	2,402,237	2,172,376
Expenditure:		
Health Authorities and Facilities (Note 2c, 4 and 6)	1,725,354	1,575,576
Medical (Notes 2c, 4 and 5)	487,678	444,535
Provincial programs	80,278	66,601
Pharmacare	108,927	85,664
Total expenditure	2,402,237	2,172,376
Revenue over expenditure	–	–
Net assets beginning of year	800	800
Net assets end of year	$ 800	$ 800

See accompanying notes to financial statements.

Manitoba Heath Services Insurance Plan

Notes to the Financial Statements

For the Year ending March 31, 2001

Note 1 - Nature of Operations

The Manitoba Health Services Insurance Plan operates under the authority of the Health Services Insurance Act. The mandate of the Plan is to provide health related insurance for Manitobans by funding the costs of qualified hospital, medical, personal care and other health services. The Plan's financial operations are administered outside of the Provincial Consolidated Fund.

Note 2 - Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting.

b) Administrative and Operating Expenses

The financial statements do not include administrative salaries and operating expenses related to the Plan. These are included in the operating expenses of Manitoba Health.

c) Interprovincial Reciprocal Recoveries

Under interprovincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Claims for services are subsequently recovered between provincial governments. In order to reflect the cost of insured services to Manitobans, the recoveries attributable to services for non-Manitoba residents are netted against program expenditures.

For the year ended March 31, 2001 the expenditure for Health Authorities and Facilities within the Province, of $1,725,354,000 (2000 - $1,575,576,000) is net of reciprocal recoveries of $25,988,000 (2000 - $26,142,000). The expenditure for Medical program of $487,678,000 (2000 - $444,535,000) is net of reciprocal recoveries of $8,125,000 (2000 - $7,171,000).

d) Vacation Pay and Post-Employment Benefits

Under current funding arrangements with health authorities and health facilities, the Manitoba Health Services Insurance Plan does not fund or record the cost of annual vacation leave earned by employees of health authorities and health care facilities until the year vacations are taken. As well, the Plan does not fund or record the cost of post-employment benefits earned by employees of the health authorities and health care facilities until those post-employment benefits are paid. The total of the accrued vacation pay liabilities and post-employment benefits liabilities recorded by health authorities and health care facilities in their financial statements as at March 31, 2001 is approximately $168,000,000.

Manitoba Heath Services Insurance Plan

Notes to the Financial Statements

For the Year ending March 31, 2001

Note 3 - Funds Held in Trust re Debenture Trust Agreements

	2001	2000
	(thousands of dollars)	
Government of the Province of Manitoba	$50,958	$41,824
Government of the Province of B.C. – Bonds	17,910	17,910
	$68,868	$59,734

These funds are used for debt servicing related to the debentures referred to in Note 6, including any required sinking fund payments.

Note 4 – Regional Health Authorities

The following table summarizes payments to the Health Authorities. These payments are included in the financial statements in the expenditure categories of Health Authorities and Facilities and Medical.

Regional Health Authority	2001 Facilities (000's)	2001 Medical (000's)	2001 Total (000's)	2000 Total (000's)
Winnipeg	$1,049,700	$72,758	$1,122,458	$1,015,159
Brandon	91,281	5,070	96,351	91,022
North Eastman	22,751	1,974	24,725	21,784
South Eastman	32,532	2,613	35,145	33,915
Interlake	51,441	3,558	54,999	53,111
Central	90,798	7,853	98,651	91,043
Marquette	39,223	4,590	43,813	40,461
South Westman	38,166	4,205	42,371	39,078
Parkland	66,478	2,899	69,377	67,527
Norman	30,700	4,509	35,209	32,386
Burntwood	25,376	8,223	33,599	31,115
Churchill	5,339	309	5,648	5,407
Total payments	$1,543,785	$118,561	$1,662,346	$1,522,008

The expenditure category, Health Authorities and Facilities, in the Statement of Revenue and Expenditure and Net assets is comprised of the following:

	2001 (000's)	2000 (000's)
Health Authorities payments	$1,543,785	$1,413,841
Accruals and facilities and third party payments	207,557	187,877
Reciprocal recoveries	(25,988)	(26,142)
Total expenditures	$1,725,354	$1,575,576

The expenditure category, Medical, in the Statement of Revenue and Expenditure and Net assets is comprised of the following:

	2001 (000's)	2000 (000's)
Medical payments and accruals	$355,649	$322,987
Health Authorities payments	118,561	108,167
Other (Note 5)	13,468	13,381
Total expenditures	$487,678	$444,535

Note 5 - Medical

Included in medical expenditures are the following other health service expenditures:

	2001	2000
	(thousands of dollars)	
Optometric	$ 3,868	$ 3,781
Chiropractic	9,600	9,600
	$13,468	$13,381

Note 6 - Capital Financing

Hospitals and personal care homes obtain financing for capital projects by issuing debentures, or arranging for mortgages or long-term bank loans. The Hospital Capital Financing Authority approves the issue of all securities and assists in obtaining an orderly market for the sale of securities to finance these capital expenditures. This indebtedness is not reflected in the financial statements and is not guaranteed by the Manitoba Health Services Insurance Plan. Funds for the payment of principal and interest related to approved capital debt are included in the Plan's expenditures.

At March 31, 2001, the approved outstanding capital debt of hospitals and personal care homes was $575,445,000 (2000 - $500,650,000) net of accumulated sinking funds of $104,740,000 (2000 - $90,533,000). In addition to the approved outstanding capital debt, lines of credit up to $128,354,000 (2000 - $180,704,000) have been established to finance capital projects in process. On completion of these projects, the borrowings will be converted to long-term debt of the facilities.

Funds for the payment of principal and interest related to approved capital debt are included in the Plan's expenditures. For the year ended March 31, 2001, the amount related to principal and interest payments included in the expenditures for Health Authorities and Facilities was $91,425,000 (2000 - $76,552,000).

Note 7 - Provision for Long Term Disability Benefits

Provision for long-term disability benefits represents the Manitoba Health Services Insurance Plan's share of the estimated future benefits payments of the Manitoba Health Organization Inc. Long Term Disability Insurance Plan for employees of health care facilities covered under the plan.

This amount was established actuarially, as at December 31, 1999, by the insurer of the plan. The amount represents Manitoba Health's share of the estimated cost of future payments to participants, who were on the plan as of March 31, 1999, and continue to receive payments at March 31, 2001. This plan was replaced as of April 1, 1999. When recipients no longer require benefits, they are removed from the plan.

Effective April 1, 1999 a new method of funding long term disability benefits was implemented whereby the Regional Health Authorities are funded 1% of total salaries to cover the costs of the plan. All new claimants subsequent to April 1, 1999 are the responsibility of the Regional Health Authorities and the Healthcare Employees Benefits Plan (HEBP). The costs associated with the funding of this plan are included in the expenditure category of Health Authorities and Facilities.

Note 8 - The Public Sector Compensation Disclosure Act

The Schedule of Payments pursuant to the provisions of The Public Sector Compensation Disclosure Act is included as part of the financial statements.

Note 9 - Comparative Figures

Certain of the 2000 financial statement figures have been restated to be consistent with the 2001 presentation.

Manitoba Health Services Insurance Plan
The Public Sector Compensation Disclosure Act
Schedule of Payments for Fiscal Year Ended March 31, 2001

This Schedule of Payments is published in compliance with the provisions of "The Public Sector Compensation Disclosure Act".

The Act requires the publication of the name of every person who has received gross payments of $50,000 or more in the fiscal year for providing services to insured persons under The Health Services Insurance Act, and the amount paid to each.

Payments are reported under the name of the practitioner who provided the services, except for special arrangements when services provided by a group of practitioners are billed in the name of a single practitioner for administrative efficiencies. This type of billing arrangement is in place for radiology, laboratory and dialysis services in particular. As a result, some of the amounts shown have not been generated solely by the practitioner whose name is shown.

Persons reading these data should understand that:

- *The data provides only a record of gross payments made by Manitoba Health to the practitioner.*
- *A practitioner's net income may vary from the gross payments shown as costs of operating a practice must be paid from these gross payments.*
- *As total revenues and costs of practice vary significantly between specialty groups and between individual practitioners, net income can also vary significantly.*

Abdulrehman A S	$207,794
Abell W R	$143,853
Adduri V R	$307,166
Ahluwalia R S	$176,406
Ahsan A	$202,041
Ahweng A	$425,053
Ainley A	$100,526
Albak RI E	$223,453
Albi F	$238,834
Aldor T A M	$95,969
Alevizos I	$97,162
Ali M B	$360,931
Allan D R	$130,935
Allan R R	$321,820
Allegro N	$107,123
Allen D R	$75,360
Altman G N	$154,737
Alto L E	$310,539
Alvi A	$356,912
Alvi C W	$135,299
Amarasekera D V	$156,919
Amede K H	$200,161
Amin S M	$260,800
Anastasiades L	$116,769
Anderson A	$98,063
Anderson B	$85,126
Anderson D M	$111,291
Anhalt E	$99,954
Anhalt Hicks C	$263,546
Anozie C B	$94,703
Antonenko N	$134,383
Antonissen L A S	$273,433
Anyadike I O	$315,447
Aoki F Y	$55,343
Armstrong B	$294,397
Armstrong J D	$79,168
Ameja A S	$285,861
Ameja J	$293,909
Amot J B	$201,743
Amott P C	$162,739
Ashcroft R P	$110,603
Ashique A	$67,487
Ashton M	$68,262
Assuras G N	$213,751
Athaide M	$149,674
Atkinson R	$160,127
Attallah G	$118,893
Azevedo J E	$57,534
Babick T R	$234,005
Badenhorst J	$267,872
Baidwan S K	$99,450
Baker C	$259,021
Baker R C	$53,391
Balachandra B	$133,313
Balageorge D	$279,730
Balcha B	$61,570
Balko G	$185,045
Banerjee R (1)	$230,507
Banmann D S	$81,767
Barber L	$242,533
Barc J	$178,794
Bard R J	$176,274
Baria K	$273,152
Barker M F	$307,264
Barker S L	$112,744
Barnes P H	$67,438

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

(3) *Billings for Dialysis services representing the work of more than one physician. (See page 114 for list of facilities).*

(4) *Director of a nuclear medicine facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 114 for list of facilities).*

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Baron C M	$120,412
Baron K	$266,742
Bartlett L C	$170,320
Bass M T	$387,576
Bay T	$161,003
Bebchuk W	$90,411
Becker A	$124,683
Beckstead J E	$170,357
Bedder P	$211,836
Bedi B	$269,520
Beldavs R A	$760,339
Bell D D	$100,368
Bellan L	$393,662
Bellan S	$83,544
Benning H S	$345,705
Benoit A	$279,701
Bereznay O	$253,698
Bergen J	$200,929
Bergman E	$136,342
Bergner H	$208,275
Bermack B A	$274,016
Bernier M	$460,739
Bernstein C	$140,908
Bernstein K (3)	$1,108,730
Berrow P J	$126,306
Bertsch A	$206,081
Beveridge T F	$59,408
Bhattacharya S K	$388,887
Bhayana R K	$216,787
Bhayana R	$186,284
Bhayana V	$282,456
Biala B	$159,718
Biehl D	$209,477
Billinkoff E	$221,950
Bilos R J	$54,748
Birk P	$52,597
Birt D	$344,630
Bissonnette A	$186,874
Black D R	$271,278
Black G B	$271,605
Blakley B W	$150,649
Blank A	$159,261
Blight W J	$171,896
Blouw R H	$213,218
Blyth S	$222,496
Bobby B	$86,409
Bock G W	$375,700
Boguski G	$51,875
Bohemier G	$131,067
Bohemier R	$125,912
Bolton D R	$219,033
Book B H	$51,106
Bookatz B J	$199,110
Booth F	$74,574
Booy H	$223,289
Borley J	$104,075
Boroditsky R S	$210,309
Borrett G F	$99,306
Borys A E	$142,979
Botha D J	$321,324
Botha U	$151,108
Boult I F (2)	$2,092,179
Bourdon N	$55,801
Bourque C N	$259,630
Boustcha E	$118,526
Bovino M	$53,766
Bow E	$55,705
Bowman D M	$62,355
Bowman M N	$75,924
Boyd K L	$133,629
Bracken J	$200,890
Bracken J H	$184,747
Bradley B D	$236,478
Brandes L J	$105,417
Brandt L	$50,161
Braun E	$184,819
Braun J	$78,670
Braun K Y	$79,835
Breckman D K	$246,357
Breckman G	$117,929
Bretecher G	$345,855
Bright R C	$163,924
Bristow G K	$72,643
Broda R J	$156,710
Brodovsky D M	$96,739
Brodovsky S	$307,716
Brooker G (2)	$228,157
Brown R	$266,921
Brown R	$259,300
Brownell L	$185,545
Brownstone R	$100,535
Bruneau M R	$188,009
Bryski L M	$99,856
Bshouty Z	$58,599
Buchik G M	$68,868
Bueddefeld H D	$184,127
Buksak L A	$82,849
Bulitz T	$53,141
Bullen S A	$68,740
Bulloch R B	$161,157
Burger L A	$189,766
Burke M E	$174,567
Burnet N	$243,695
Burnett C J	$76,854
Burnett M	$309,116
Calderon-Grande H	$154,841
Calhoun L L	$83,473
Cameron A I	$118,118
Cameron M R	$329,132
Campbell B	$85,680
Campbell G	$242,601
Caners D	$313,142
Cannon J E	$245,492
Canvin J M	$102,559
Caplan A H	$286,139
Caplan D C	$187,564
Cappellani R	$243,140
Carpenter N	$250,371
Carson J B	$221,346
Cartagena R	$244,617
Carter B	$57,939
Carter R	$273,267
Caswell B	$70,259

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

(3) *Billings for Dialysis services representing the work of more than one physician. (See page 114 for list of facilities).*

(4) *Director of a nuclear medicine facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 114 for list of facilities).*

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Caulley E	$317,174
Cavallo D	$153,808
Cavett T	$104,234
Chaboyer R	$53,669
Chalaturnyk R	$50,124
Chalmers I M	$68,737
Champagne D	$69,064
Chan E L	$159,372
Chan J J	$305,271
Chan K A	$326,083
Chan M C	$151,040
Chan M K	$54,632
Chan P	$116,310
Chan T	$215,864
Chang S W (1)	$1,859,729
Chapman S D	$280,127
Chapnick C	$144,946
Chatel N L	$107,276
Cheam E S	$112,028
Chenier D	$63,118
Chenier P	$82,596
Chernick M	$261,786
Chernish G	$75,607
Cheung L K	$457,521
Chimilar J D	$62,432
Chin D	$737,278
Chin K	$135,878
Chlysta T S	$218,720
Cho P A	$204,268
Chochinov A	$52,106
Chochinov P H	$141,710
Chodirker B N	$81,766
Choptiany R B W	$163,239
Choptiany T I	$251,645
Chow C	$311,113
Chudley A E	$66,607
Chung L	$319,001
Clark F	$99,772
Clark M A	$114,061
Clark S G	$177,033
Clark S M	$109,783

Clarke W E	$137,294
Clayden G	$272,038
Cleghorn G M	$51,105
Cleghorn S	$453,889
Coates K R	$270,242
Cohen M A	$103,238
Cohen M	$246,686
Cohn A	$67,025
Collins C	$70,370
Collison L M	$151,993
Collison S	$59,486
Collister Cl W	$344,952
Connor D	$332,235
Connor D H	$52,805
Connor G T	$127,470
Coodin H	$167,306
Coodin S Z	$110,384
Corbett R P	$93,763
Corder D	$236,756
Cordova J L	$102,428
Corne R A	$104,360
Corne S I	$132,092
Corner F D	$164,839
Coueslan G W (2)	$617,095
Cowan D J	$355,370
Coyle S J	$186,099
Craig D	$158,657
Cram D H	$416,619
Crawford D	$159,329
Crawford G	$55,739
Cristante L	$135,367
Cronin R J	$72,133
Cross H G	$62,586
Cross R	$248,612
Crow F M	$71,964
Cumming G	$61,531
Cummings M	$210,727
Czaplinski J	$101,692
Czaplinski K	$196,701
Czarnecka M	$158,192
Czarnecki W	$324,539

Da Silva H	$63,528
Da Silva L M	$192,839
Dabrowska W	$83,517
Dabrowski P	$400,885
Daeninck P J	$94,270
Daien A	$59,035
Dakshinamurti S	$257,134
Dalling G N	$101,476
Dang Tai H	$223,695
Daniel G	$126,187
Daniels J H	$200,283
Daniels V	$119,743
Danzinger R G	$77,977
Dashefsky S M	$78,907
Davey M	$264,763
Davey R J	$250,139
David M F	$345,344
Davis M H	$370,602
Davis R A	$83,663
Davloor R	$227,066
De Klerk L	$50,126
De Korompay V	$346,633
De Moissac P	$163,055
De Rocquigny A J	$319,682
De Wet R R	$233,883
De Wit S L	$383,087
Dean H	$55,265
Debrouwere R	$336,553
Decter A	$143,846
Decter D	$401,886
Dekker J J	$176,651
Del Rizzo D	$228,622
Delaive M	$251,414
Demsas H	$169,389
Deonarine L	$239,102
Deong P J	$230,148
Desmarais G P	$112,190
Desmond G H	$225,871
Deutscher R	$261,737
Dhalla S S	$725,716
Dhanjal P	$91,383

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

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Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Dias E M	$116,160
Dirks H T	$64,800
Dissanayake D	$170,188
Dittberner K	$118,638
Dizon A M	$122,594
Doak G J	$256,949
Doctorow V A	$97,524
Doerner E	$252,788
Doerr J J	$259,644
Dolynchuk K	$229,650
Dominique Fi	$328,499
Domke H	$241,975
Domke O	$161,149
Domke S	$193,988
Donnelly J P	$166,006
Doroshenko S	$69,950
Doucet P M	$164,974
Downs A C	$204,802
Doyle E	$97,617
Doyle J	$267,294
Dressler G	$53,825
Drexler J	$245,039
Dreyer C	$75,973
Dreyer F	$180,809
Du Bois E	$179,460
Du J	$156,378
Du Plooy J	$242,985
Du Val L A	$75,849
Dubo Hy I	$170,869
Dubyna D	$286,029
Ducas D A	$54,515
Ducas J	$424,779
Ducheck D L	$52,311
Dueck D	$111,675
Duerksen C	$247,265
Duerksen D	$271,604
Duerksen F	$80,631
Duerksen K	$85,995
Duerksen M T	$201,980
Duff B D	$103,326
Duffy G	$162,859
Duggal K C	$299,327
Duke M J	$80,065
Duke P C	$174,403
Duncan S J	$228,608
Dupont J O (4)	$707,909
Duprat C	$150,822
Duval R	$109,472
Dyck D R (2)	$178,196
Dyck G H	$309,998
Eaglesham H (2)	$372,239
Ebbeling-Treon L	$140,395
Edye F	$65,504
Egan M M	$129,108
Eggertson D	$222,565
Ekins M B	$185,662
Eksteen B B	$50,647
Eleff M K	$112,779
Elkin J	$179,187
Elkin M S	$110,275
Elliott T C	$134,071
Elves E	$385,542
Embil J M A	$149,055
Emery C	$145,092
Engel C	$166,444
Engel J S	$311,642
Engelbrecht J	$113,035
Engelbrecht S	$143,444
Enns J P	$354,913
Epp C H	$70,631
Erhard P	$239,125
Eschun G M	$71,298
Esmail A	$453,992
Esquivel A	$178,717
Esser C M	$66,979
Ethans K D	$72,665
Ethans T	$112,728
Evans D R	$150,447
Evans M J	$67,497
Ewert F J	$290,636
Fair S E	$128,729
Falconer C W	$157,633
Fast M D	$445,983
Feasey D	$91,370
Feierstein M	$130,544
Ferguson D A	$54,961
Ferrari J K	$177,085
Fewer H D	$203,509
Fine A (3)	$997,600
Fishman L	$260,957
Fitzgerald M	$189,820
Fitzsimon J	$120,602
Fleisher M	$84,373
Fleisher W P	$75,121
Fleming F L	$54,588
Fleming S T	$58,169
Fletcher C W	$236,442
Foerster J	$63,008
Fogel R B	$131,102
Fong H	$538,378
Fontigny N	$144,889
Forgach L G	$56,824
Fouad W	$83,340
Fox J D	$190,276
Frame H	$142,879
Fraser M B	$168,828
Fraser V H	$193,515
Frechette C	$57,194
Frederick D	$71,788
Fredette P	$146,562
Friesen F R	$297,897
Friesen J	$292,774
Friesen J A	$67,539
Friesen K L	$142,688
Friesen R M	$211,913
Froese W	$288,305
Frohlich A	$285,471
Fuchs G R	$278,565
Fumerton W R	$580,125
Fung H	$99,260
Fuzeta G	$165,648
Gabriel M	$159,611
Galbraith P A (1)	$2,147,441

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

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Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Galessiere P F	$379,835
Gall R M	$193,991
Gallagher K	$57,053
Garba S	$258,170
Garber L	$295,128
Garber P J	$97,183
Gard M A	$186,145
Geddes J S	$126,393
Gelley G	$51,245
Gerstner T	$182,081
Gertenstein R	$321,257
Giesbrecht D R	$299,661
Giesbrecht J E	$139,025
Gill E	$142,296
Gillespie B	$682,886
Gillespie J	$178,678
Girard J	$149,221
Glew W B	$63,409
Glezerson G	$288,519
Globerman D	$88,572
Gobeil J J G	$116,382
Goerz P G	$108,445
Goheen M S L	$71,759
Goldberg N	$277,478
Goldenberg D	$332,549
Gomori A J	$167,655
Goodhand T K	$95,756
Goodman A E	$59,189
Goodman R L	$308,390
Gooi Teong H	$362,203
Gooi Teong L	$675,358
Goossen M	$304,670
Gordon J	$274,184
Gorski B A	$439,681
Gould L F	$174,495
Govender P	$87,962
Goytan M J	$362,733
Grab[illegible]wski J	$211,435
Grace K J	$175,432
Graham B	$88,642
Graham C R	$290,767
Graham K	$139,096
Graham M R	$167,337
Graham R	$73,588
Grahame G	$61,888
Grant L	$145,881
Graves D F	$117,158
Gray M G	$234,551
Greenberg C R	$53,309
Grierson R	$62,751
Griffin P	$220,130
Griggs G	$205,725
Grimes R B	$113,875
Grobler W P	$150,869
Grogan J A	$84,216
Groves L	$213,212
Guijon F B	$209,061
Gunson A J	$69,748
Gupta C K	$334,221
Gupta D K	$765,751
Gustafson R	$84,893
Guzman R	$361,648
Gwozdecki T	$289,612
Ha Francis T	$143,571
Hagerman R N	$105,750
Hahlweg K	$142,769
Hai M A	$224,148
Haiart D C	$303,440
Haligowski D	$199,909
Halkema E R	$196,992
Hall P F	$107,384
Hallatt D	$79,024
Hamedani R	$120,435
Hameed K A	$224,642
Hamm R C	$162,450
Hammond G W	$51,717
Hampton C S	$165,358
Hancock B J	$160,851
Hanks G A	$85,356
Hanmiah R	$95,740
Hansen J G	$109,302
Hanson P L	$137,944
Harding G K M	$70,534
Hardy B (2)	$288,984
Haresha A	$71,678
Harley M J	$165,457
Harms S	$261,591
Harrington J	$118,735
Harris P	$541,056
Harrison W D	$113,240
Harsanyi I	$229,838
Hartley D M	$227,424
Harvey A C	$137,029
Hasan M	$66,242
Haseeb S	$112,388
Hataley J M	$84,066
Hawaleshka A	$321,749
Hawkins J	$73,267
Hayakawa J	$178,985
Haydey R P	$342,414
Hayward R J	$393,020
Hechtenthal N	$125,718
Hedden D R	$289,813
Hedden J R	$136,100
Heese H	$93,945
Heidenreich W	$166,637
Helewa M E	$378,190
Henderson L	$92,423
Henry S F	$301,193
Herd A	$104,762
Hershberg D M	$163,208
Hershfield E	$160,733
Heywood M	$349,885
Hiebert T	$106,329
Hildahl C	$221,644
Hildahl W	$159,246
Hilderman L	$88,317
Hildes R	$50,382
Hobson D E	$248,962
Hoeppner W T	$192,430
Hoeschen L	$75,603
Hoeschen R J	$75,042
Hoff H R	$114,781

Explanatory Notes:

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Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Holder F	$218,201
Holmes C	$105,245
Holt S C (2)	$221,328
Homik L	$521,124
Hosegood G	$57,332
Hosking D	$319,985
Houston D S	$51,427
Howden W A	$273,562
Hoy C S	$123,883
Hrabarchuk B	$244,743
Hudson R J	$214,920
Huebert D M	$348,326
Huebert H T	$178,778
Hughes P M	$174,815
Humphreys K	$74,708
Hung P	$63,956
Hurst L D	$217,661
Husarewycz S	$206,814
Hussain M I	$441,589
Hutfluss G	$310,559
Ibbitt C J	$181,253
Ilchyna D C	$158,483
Iliffe G D	$205,688
Ilnyckyj A	$85,304
Ilse Werner K	$189,243
Ingimundson J C	$169,344
Inglis D	$221,922
Ingram P F	$140,460
Intrater H	$272,085
Ip A	$183,208
Irving J E	$297,638
Isaac C	$158,996
Isaacs R L	$140,474
Israels L G (1)	$5,842,129
Jabs M	$67,518
Jackson J	$59,866
Jacob V C	$570,736
Jain M	$400,989
James J M	$366,322
Janzen L	$115,078
Jason M	$262,781
Jebamani S	$155,075
Jeffery J R	$117,252
Jenkinson D	$71,857
Jensen B	$88,295
Jensen C W B	$262,161
Jensen W L	$155,532
Johannesson T	$138,918
Johnson A W	$64,644
Johnson D	$281,943
Johnson E	$252,316
Johnson H	$156,575
Johnston J B	$110,177
Johnston J	$104,051
Jolly K S	$355,325
Joshi D A	$124,766
Joshi J N	$201,534
Joundi M G	$230,854
Jovel R E	$108,014
Jowett A	$248,198
Kabani A M	$106,063
Kaethler W	$206,485
Kahanovitch D	$145,662
Kahlon K	$202,558
Kaiser C	$51,224
Kaita K D E	$161,222
Kalansky G	$188,845
Kalicinsky C	$50,060
Kandasamy G	$241,421
Kantor D	$147,746
Kaprowy R	$165,082
Karlicki F	$214,530
Karvelas J P	$195,010
Karvelas L M	$55,205
Kasbia S S	$203,506
Kashour T S	$421,569
Kasper K D	$103,765
Kati A A	$151,061
Katz L	$125,406
Katz P	$135,145
Kaufman B J	$91,880
Kaufman R	$131,536
Kaushal R D	$249,218
Kayler D E	$423,537
Keddy-Grant J	$55,072
Kehler T	$103,000
Kelleher B	$174,072
Kellen P	$138,858
Kellen R	$477,380
Kemkaran K	$121,701
Kepron W	$116,133
Kerr L	$78,031
Kerr P D	$216,764
Kettler J J	$64,092
Kettner J	$105,818
Khan A	$139,721
Khan A U	$87,571
Khan A	$51,578
Khan N A	$105,946
Khan N M	$223,152
Khan T A	$201,933
Khandelwal A S	$212,048
Kim Seung Y	$92,806
Kim Sung W	$138,855
Kimacovich R	$109,236
Kimelman A L	$96,804
Kindle G F (2)	$233,950
Kinnear D	$237,840
Kinsner J M	$114,766
Kippen R N	$254,550
Kish S L	$163,008
Kisil D	$65,695
Kisil K E	$114,926
Kitt K	$63,360
Kjernisted K	$116,944
Klassen D H	$227,043
Klassen N F	$244,948
Klassen O	$125,275
Kliewer K	$185,244
Klippenstein N	$324,546
Kloppers S	$346,923
Klym K	$177,150
Kobelka J D	$56,309

Explanatory Notes:

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Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Koczanski R	$154,937	Kurtas T K	$61,927	Lefevre G R	$226,611
Koensgen S	$179,771	Kwon M	$104,931	Lei B T C	$239,298
Koh C	$133,790	Kyeremateng D	$65,804	Leicht R	$606,807
Kohanek F L	$92,933	Lage K L	$90,960	Lemoine G G	$256,685
Kolt A M	$140,674	Lagowski M	$249,880	Lemon P W	$277,102
Komenda B W	$192,659	Lam C C	$133,137	Lerner N	$209,056
Komosky J	$116,139	Lambrechts H	$222,457	Lertzman M	$56,099
Kong A M C	$212,333	Lander D A	$52,284	Leslie H	$66,320
Korol G	$377,805	Lander M	$94,935	Leung S L P	$191,505
Kos G P	$60,609	Lane E S	$169,687	Leung W M	$122,311
Kotecha Y	$259,752	Lane M A	$58,788	Levi C S (2)	$911,248
Koulack J	$392,753	Lang C	$227,133	Levin B L	$236,869
Kousonsavath R	$135,047	Langan J T	$254,283	Levin H	$233,594
Koven S	$159,088	Large G	$149,391	Levy B A	$190,638
Kovnats S	$61,942	Larue L B	$160,309	Levy S B	$96,149
Kowalchuk I J	$233,816	Latosinsky S	$107,309	Lezack J D	$304,415
Kowalczuk M	$70,447	Lau Y	$59,970	Li W	$177,320
Kowalski S	$183,497	Laurencelle R	$73,267	Lieberman D	$147,149
Kozman H	$210,972	Lautenschlager E	$72,739	Lim D S T	$103,013
Krahn C	$183,430	Lawrence E T	$225,111	Lim F	$496,224
Krahn H P	$389,359	Lawrence P	$448,139	Lim P	$89,197
Krahn J	$269,166	Lazar M H	$236,232	Lindenschmidt R	$262,632
Kraitberg N J	$131,823	Lazarow N	$90,780	Lindquist L (2)	$445,865
Kramer M	$79,539	Le Boldus L A	$225,390	Lindsay D J	$291,479
Kredentser J	$157,534	Le Roux B J	$283,696	Lindsay G M	$218,823
Kredentser S	$153,409	Leader E	$71,499	Lindsay W	$181,847
Kremer S	$81,211	Lebedin W W	$263,889	Lipinski G	$232,764
Kreml J	$187,191	Ledger I C	$63,141	Lipnowski S	$463,906
Krepart G	$173,309	Ledwich J R	$105,244	Lipschitz J	$346,956
Kristjanson M	$107,928	Lee B D	$54,314	Lipson A H	$173,091
Kroczak T J	$289,176	Lee F F W	$343,408	Lloyd R L	$151,476
Kroeker L R	$339,410	Lee G Q	$163,756	Loader K	$219,039
Kroeker M A (2)	$1,586,711	Lee H B	$375,190	Lockman L	$275,990
Kroft C D L	$84,827	Lee J	$148,989	Lockwood A	$247,750
Krongold I (2)	$1,241,425	Lee K	$223,214	Lodewyks G A F	$113,265
Kruger J A	$139,690	Lee L	$66,166	Loepp C	$115,200
Krzyzaniak K	$178,086	Lee S	$389,484	Loewen S R	$87,164
Kucheravy M	$100,433	Lee V K	$341,687	Lofgren S R	$87,980
Kucparic P	$177,749	Lee-Kwen J	$327,209	Logan A C	$341,915
Kuegle P F X	$210,316	Leen D A	$331,008	Loge J M	$167,384
Kumar R	$82,717	Lee-Wing M	$79,682	Loh Chi C	$131,809

Explanatory Notes:

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Manitoba Health Services Insurance Plan

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Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Lohrenz J B	$56,910
Long A L	$605,007
Longstaffe A E	$241,647
Longstaffe S	$138,563
Lorteau G	$61,110
Lotocki R J	$333,693
Louridas G	$349,504
Love H W	$74,194
Loveless W	$225,410
Lowden C S	$233,201
Lowther G H	$136,943
Lu P B	$127,900
Lucash S E	$201,442
Lucman L L (1)	$328,245
Lucman T S	$192,344
Lucy S	$289,309
Ludwig S	$111,362
Luk T L	$182,689
Lukie B J	$249,055
Lyons E A	$94,180
Lysack A M	$315,203
Lysack D A	$87,546
Lyttle D	$157,821
Mabin D	$204,640
Macdiarmid A	$90,565
Macdonald J K (1)	$68,466
Macdonald N	$175,125
Macdonald P	$279,171
Macdougall B	$110,122
Macdougall E	$79,135
Macdougall G	$233,236
Maceachern N	$277,836
Macek R K W	$142,696
Macfarlane C	$275,219
Macintosh E	$138,314
Mackalski B	$271,451
Mackay M J	$62,928
Mackenzie G S	$204,430
Mackenzie S	$56,744
Macklem A K	$263,264
Macleod B A	$177,200
Macmahon R	$262,133
Macmillan M B	$230,534
Macrodimitris A	$330,204
Maculewicz J	$220,931
Maguire D	$341,447
Maharaj C	$188,894
Maharaj G R	$141,290
Maharaj I G	$238,018
Mahay R K	$396,721
Maia E	$102,310
Maier J C	$207,309
Maier R J	$114,554
Major P (2)	$577,191
Maksymiuk A	$129,609
Malabanan E	$256,345
Malchy B A	$125,373
Mallick B	$74,832
Mallick K C	$139,545
Malmstrom J	$91,247
Manishen W J	$193,510
Manness R C	$148,456
Manswell C B	$228,411
Manusow D	$225,782
Marantz J	$50,302
Mare A C	$216,057
Mare J P	$279,940
Margolis N	$215,038
Marlatt W J	$58,175
Marr H	$95,449
Marsh D W	$162,861
Marsh G	$89,790
Marshall K	$67,279
Martens B C	$85,305
Martens R	$166,170
Martin A G	$92,156
Marx T	$256,082
Matas M	$116,029
Mathen M K	$516,635
Mathieson A	$238,905
Matsubara T K	$259,691
Matthew T	$314,698
Maxwell I	$303,643
Mayba I I	$203,698
Mayba J I	$324,208
Mccammon R J	$205,513
Mccarthy D S	$90,555
Mccarthy G	$446,056
Mccarthy T	$387,781
Mcconnell M	$223,393
Mccullough D W	$114,231
Mcdowell J D	$218,131
Mcfadden L R	$148,854
Mcgowan A	$99,748
Mcgregor S	$324,933
Mcintyre I L	$186,916
Mckiernan B	$292,375
Mcneill A M	$192,036
Mcphee J	$108,890
Mcpherson J A	$193,255
Mctaggart D L	$109,985
Mctavish G	$236,433
Mehta A	$148,590
Mehta P G	$254,127
Menard S	$104,642
Mendez C M	$71,928
Menticoglou S	$402,618
Menzies R J	$289,704
Meredith M	$118,814
Mestdagh B E	$94,295
Mestdagh L	$134,246
Mestdagh R	$77,128
Metcalfe C	$199,102
Meyrowitz D	$289,906
Mian M T	$151,468
Micflikier A	$1,030,559
Mihalcioiu C	$163,668
Milambiling E M	$119,092
Milambiling L C	$134,557
Millar T	$89,124
Miller A	$313,690
Miller D M	$293,577
Mills B J	$192,724

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

(3) *Billings for Dialysis services representing the work of more than one physician. (See page 114 for list of facilities).*

(4) *Director of a nuclear medicine facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 114 for list of facilities).*

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Milner J F	$405,342
Mina M M F	$171,830
Minnaar J	$176,959
Mintz S L	$54,680
Minuk E	$159,401
Mirzanejad Y	$372,099
Mis A A	$251,042
Miskiewicz L	$92,049
Moddemann D	$100,833
Mohamdee J F	$72,915
Mohamed C R	$327,831
Mohammed I	$226,165
Moharib N	$82,342
Moller J	$82,977
Momoh J T	$339,778
Moncek J A	$134,764
Mondesir K R	$57,509
Monson R C	$350,639
Monteiro G	$293,795
Montgomery P	$106,557
Moolman A	$226,388
Mooney W R	$181,809
Moore R F	$77,244
Moorhouse J A	$127,647
Moraes F X N	$127,896
Moran De Muller K	$373,766
Morgan T R	$261,470
Morham A	$89,941
Morier G S	$56,299
Morin G	$52,517
Moroz S P	$67,692
Morris A L	$107,901
Morris G S	$218,223
Morris M	$148,643
Mostert J	$184,419
Mould S M	$217,374
Mowat G	$118,430
Mowchun L	$103,630
Mowchun N	$157,518
Muirhead B	$220,917
Mulhall D	$60,858
Muller D H	$232,673
Muncner P	$180,973
Mundle S	$56,864
Murphy L J	$72,525
Murray E	$114,387
Murray G G	$51,318
Murray K	$361,688
Muruve G N	$244,038
Mutch W A C	$163,517
Myers W E	$341,414
Mymin D	$129,246
Mysore M	$211,674
Nachtigal H	$63,002
Naidoo J (1)	$429,173
Naidoo S P (1)	$3,539,009
Nair U K	$298,659
Narotam P	$154,093
Narrandes R	$150,844
Narvas R M	$230,224
Narvey E B	$67,892
Nason R W	$216,178
Naugler S	$81,950
Nehra P	$252,781
Nelko S	$113,983
Nell A M	$244,645
Nemeth P	$275,159
Nepon J	$227,852
Neufeld H	$99,640
Newman F	$199,734
Nguyen K M	$182,676
Nguyen L	$226,254
Nguyen M H	$218,853
Nguyen T H	$56,654
Nguyen Vi L	$61,459
Nicholson D	$121,592
Niemand R	$209,632
Nigam R	$160,577
Nisbett S	$589,936
Noel C	$364,556
Nugent L M	$161,801
Nyhof H	$222,757
Nyomba B L	$64,474
Ochonska M	$265,407
Oen K G	$51,772
O'hagan D B	$248,539
O'keeffe K	$142,267
Oliviero I	$60,713
Olson R L	$170,526
Olweny C L	$70,972
Olynyk F	$99,638
Omelan C K	$53,806
Omichinski L M	$289,042
Ong B Y	$197,681
Ong G H	$334,772
Onotera R	$219,180
Onyshko D	$203,242
Oosthuizen J	$270,820
Opie C H	$50,501
Oppenheim E	$230,799
Ormiston J D	$198,576
Osler F G	$95,465
O'sullivan M	$269,602
Pachal C A	$144,725
Pacin A	$128,106
Pacin O	$193,997
Padeanu D	$139,492
Padua R N	$263,379
Paetkau D	$228,545
Palaschuk G	$72,019
Pan A	$217,836
Panaskevich T	$254,300
Pang E G	$137,153
Paprocki I	$82,027
Paquin R W (2)	$509,482
Parham S M	$232,186
Parker K R	$209,224
Partridge G	$70,308
Pascoe E A	$309,820
Pasterkamp H	$102,406
Patel J	$157,343
Patel L R	$301,212
Patel Praful C	$262,320

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

(3) *Billings for Dialysis services representing the work of more than one physician. (See page 114 for list of facilities).*

(4) *Director of a nuclear medicine facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 114 for list of facilities).*

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Patel Pravin C	$350,431
Patel R C	$339,551
Patel S V	$207,723
Pawlak J	$205,106
Peabody D	$132,635
Pearlman D	$201,527
Pearson F B	$78,726
Pelissier R	$116,768
Penner S B (3)	$903,086
Penrose M	$237,198
Perkins G	$65,246
Perlov J	$125,283
Permack S	$189,247
Perrett M	$91,197
Peschken C	$51,434
Peterdy A E	$132,487
Peters D	$246,110
Peters H O	$203,861
Peters R J	$117,153
Peterson C	$105,954
Peterson J	$211,294
Petkau A	$142,026
Petrenko P	$60,931
Petrilli L A	$143,020
Petrinack N	$67,419
Pickard K	$129,935
Pickering B	$332,316
Pierce G W (2)	$995,488
Piesas D J	$155,890
Pilat E J	$158,019
Pinder M	$183,521
Pinniger G	$167,777
Pintin-Quezada J	$178,694
Pirzada M A	$135,389
Plueschow M	$81,972
Podaima C	$59,349
Podolsky G R	$60,985
Poetteker R	$114,121
Polimeni C	$75,669
Polimeni J	$121,823
Pollock B	$272,104
Poon W W C	$187,037
Poplak T M	$332,722
Popoff D	$98,136
Pops H	$73,799
Postuma R	$191,696
Potoski J P	$269,930
Povah W B	$81,242
Prakash D	$272,618
Prasad Ai	$56,909
Prasad B	$66,508
Prenovault J	$143,244
Pretorius A	$275,111
Pretorius L	$159,054
Price J	$239,116
Pritchard P	$89,027
Prober M A	$163,039
Prodan O	$140,159
Putnins C	$203,420
Puttaert D	$80,857
Quesada R	$264,523
Raabe M A	$253,773
Rabson J L R	$737,636
Racette T	$123,171
Rae P E	$79,489
Rafiq M	$86,406
Rahman M	$171,390
Raizen M	$64,381
Raizman A H	$62,725
Rajani K R	$352,655
Ramgoolam R	$310,637
Ramsay D R	$222,306
Ramsay J A	$107,655
Ramsey D V	$52,319
Ramsey E W	$200,795
Regehr J	$131,763
Rehal R S	$241,477
Reich I M	$92,730
Reid G J	$198,840
Reimer D K	$127,049
Reimer H	$186,597
Reimer M B	$196,942
Reiss Marlene	$53,755
Reiss Michelle	$144,056
Rempel R G	$54,831
Rennie W R J	$123,639
Renouf F	$199,025
Rice P	$131,554
Rich A D	$237,332
Richardson C	$154,830
Riche B	$339,944
Ridley T S	$103,353
Ringaert K	$235,436
Riordan P	$192,991
Ripstein I	$109,047
Ritchie B A	$195,838
Ritchie J	$96,085
Rittenberg D	$272,344
Rivas J H	$119,101
Rivkin B	$62,379
Roberts J R	$199,802
Roberts M	$157,505
Robertson G A	$350,974
Robillard S C	$96,488
Robinson C	$82,528
Robinson D	$56,921
Robinson J	$350,707
Robinson W	$203,895
Rocha G	$523,334
Roche G	$165,879
Roe B E	$67,627
Rogozinska L	$301,287
Rohald P	$55,804
Rosario R	$128,159
Rosenthal P	$107,403
Ross F J (1)	$298,970
Ross F K	$91,286
Ross J F	$511,638
Rosser B G	$133,118
Rothova A	$198,532
Roux J G	$190,965
Roy M J	$133,768
Roy M	$68,240

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

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Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Rubinger M	$54,755	Schur N K	$213,119	Silagy S	$234,760
Ruddock D L	$233,006	Scott-Herridge G	$59,187	Silverman R	$246,948
Rumbolt B R	$238,532	Scurrah J D	$281,683	Silviu-Dan F	$166,580
Rusen J B	$197,034	Seager M J	$484,150	Simkin R	$151,207
Rush D N	$90,868	Segstro R J	$212,551	Simm J F	$92,245
Rush N O S	$170,412	Seguin A	$59,811	Simmonds C B	$151,815
Rusnak B	$253,071	Seifer R	$94,891	Simonsen J N	$51,499
Russell B F	$176,460	Seitz A R	$163,819	Simonson D W	$146,705
Rust G	$96,653	Sekundiak T D	$314,937	Simpson P	$57,561
Rust L	$65,229	Semenjuk M	$93,284	Singer M	$111,588
Rutherford P	$52,656	Sen R	$266,229	Singer R	$148,127
Ryckman B A	$214,781	Senderewich E	$84,746	Singh A	$230,008
Saad N	$62,748	Serushago B	$56,457	Singh G B	$482,340
Saadia R	$122,744	Seshia S S	$152,168	Singh J	$153,586
Sachdeva P (1)	$284,165	Sethi K	$104,049	Singh M	$185,018
Saohdeva R	$253,573	Sethi S	$339,815	Singh-Rehsia D	$585,579
Sadri D	$216,456	Sett S	$86,853	Sinha M	$425,785
Sahota S S	$146,534	Sewell G	$130,230	Sinha S N	$478,337
Salamon E	$342,391	Sewell S A	$274,558	Skakum K K	$105,771
Salem F	$341,175	Shah A	$188,419	Skakum R	$83,971
Samuels E R	$90,804	Shah B	$245,345	Skead L	$312,544
Sanders R W	$95,271	Shah C M	$161,583	Skelly S G	$310,395
Sandha G	$101,455	Shane F	$114,339	Sloan G	$153,199
Sareen J	$52,906	Shane M	$261,458	Small R	$61,898
Saunders C G (2)	$1,601,575	Sharif M N	$347,760	Smart J R A	$231,790
Saunders K	$169,601	Shariff F K	$117,801	Smil E	$179,188
Savage B	$173,125	Sharkey J B	$323,567	Smit M	$62,566
Sawka A N	$366,633	Sharma S	$103,698	Smith H W E	$389,020
Sawyer J A	$216,575	Shatsky M (2)	$412,690	Smith R G	$204,842
Scatliff J	$229,481	Shay G D P	$76,064	Smith R W	$215,473
Schachter M	$116,969	Shelton L	$127,347	Sochocka E K	$294,577
Schaeffer D	$105,982	Shelton P A	$145,424	Sokal J E M	$114,707
Schaub J C	$119,226	Sheps M	$210,136	Sokolowski D	$208,805
Schellenberg D	$99,295	Sheridan J T	$164,221	Sommer H M	$102,000
Schellenberg W C	$283,934	Shiffman F H	$245,167	Soni NI R	$165,002
Scher K E	$111,131	Shnider M	$164,143	Soni S D	$60,454
Schledewitz I L	$82,677	Shojania A M	$138,207	Soni S	$203,438
Schmidt B J	$65,679	Shuckett P	$297,974	Sowemimo A	$269,155
Schmidt D	$230,462	Sickert H G	$137,649	Spanihel J J	$84,908
Schoeman A M	$209,061	Sikhakhane A	$92,738	Specht G C	$71,452
Schroeder A N	$280,716	Sikora F J	$152,626	Speer M	$197,938

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

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Manitoba Health Services Insurance Plan

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Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Srichandra W	$260,845
St John P D	$53,460
St Vincent A	$183,086
Stadnyk L A	$113,949
Stanko L	$267,637
Starodub D C	$53,800
Starzecki B	$173,589
Steams E	$274,725
Stecher R D	$183,326
Stedman N	$53,662
Steigerwald R	$116,547
Steinberg F	$58,163
Steinberg R	$124,969
Steinberg S	$63,226
Stelzer J	$132,299
Stenhouse J K	$106,145
Stephensen M	$227,803
Stevens L	$273,537
Stewart G	$80,908
Stillwater R B	$178,140
Stimpson R	$73,819
Stitt A	$66,447
Stitt G P	$67,742
Stitt R L	$67,221
Stitz M	$83,387
Storoschuk G	$195,562
Stranc M F	$185,069
Strasfeld M	$90,067
Strydom H	$156,165
Stuart T	$57,973
Sud A K	$468,615
Sullivan M	$89,569
Susser M	$150,088
Sutherland D	$187,746
Sutherland J	$126,686
Sutter J A	$251,910
Sutton I R	$151,355
Svorkdal N	$214,653
Swain V J	$81,555
Swartz J	$243,404
Sweetland R	$83,404
Swenarchuk G	$73,556
Sylwestrowicz W	$294,231
Symchych M	$99,578
Syslak P H	$192,949
Syslak W B	$228,339
Szajkowski S	$206,909
Tam J W	$73,255
Tan L	$272,838
Tang-Wai R	$281,232
Tanner J	$293,742
Taraska V	$429,789
Taraska V	$206,094
Taylor H R	$306,554
Taylor M J S (1)	$1,080,942
Taylor M C	$157,577
Taylor P D	$71,938
Taylor S N	$410,292
Tenenbein M	$108,783
Theodore G M	$222,300
Therrien D	$96,572
Thiessen M N	$162,816
Thiessen R	$62,990
Thompson R A	$83,278
Thompson T	$168,204
Thomson G T D	$152,135
Thomson I R	$211,242
Thorlakson D	$99,289
Thorlakson R H	$78,501
Thottingal A P	$124,586
Ting D	$131,738
Toews H A	$178,137
Toews K A	$109,843
Tole G D	$80,273
Tomchuk E	$272,864
Tomy H	$132,891
Tomy P	$269,784
Toole J	$290,728
Trainor J M (1)	$5,402,113
Tran C P	$196,181
Tretiak W D	$92,230
Tsang D	$317,900
Tsang K F M (1)	$153,991
Tse W C	$222,810
Tsuyuki S H (2)	$331,782
Tulloch H	$173,096
Turabian M	$243,798
Tumer D R	$366,305
Tumer R B	$410,062
Ullyot G L E	$80,050
Ullyot S	$243,804
Unruh H W	$289,573
Vajcner A F	$321,253
Van Alstyne M	$271,600
Van Ameyde K	$93,662
Van Donkersgoed L	$302,617
Van Gend R	$82,319
Van Heerden J	$198,712
Van Home W A	$226,886
Van Jaarsveldt W	$59,266
Van Rooyen G	$243,834
Van Rooyen M L	$259,475
Van Schoor L	$149,009
Van Zyl S A	$230,914
Vandenberg W L	$273,702
Varma A	$331,207
Vasconcelos J A	$237,986
Vattheuer F	$97,007
Vellema D M	$78,639
Venter He L	$201,586
Verma K	$118,099
Verma M R	$178,316
Vianzon C	$253,806
Vickar E L	$221,260
Vijay R	$167,880
Violago F	$133,572
Visch S H R	$106,869
Visser G	$130,458
Vivian A	$425,564
Walker A	$146,105
Wallace S E	$138,666
Waller D J	$87,637
Walli J E	$277,609

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

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Manitoba Health Services Insurance Plan

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Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Walterson K	$75,024
Wang J	$390,048
Warda L J	$77,941
Warren C P W	$87,913
Warrian R K	$337,260
Warrian W G	$86,746
Warrington R	$170,883
Waters W R	$209,882
Watson J D	$117,458
Watson W T A	$126,625
Watters T	$54,442
Webb S	$96,158
Weidman M L	$240,848
Weirich M K	$257,394
Weizman S	$218,467
Welch G J	$186,582
Werier J	$217,341
Werner N H	$58,557
White B K	$322,461
White I W C	$256,798
White O J	$420,609
White S	$54,828
White V P	$77,510
Whittaker E	$63,126
Wiebe H L J	$149,685
Wiens A V	$239,921
Wiens J J	$595,006
Wiens J L	$456,460
Wiesenthal A	$52,934
Wiesenthal B D	$167,093
Wiesenthal Z	$193,164
Wightman H R (1)	$2,869,565
Wightman N A	$126,946
Wilken Wr	$158,685
Willemse P	$536,529
Willemse P Q	$171,542
Williams O R	$194,657
Williamson D	$65,026
Willows J R	$74,019
Wilson D	$61,626
Wilson G J	$114,108
Wilson G P	$161,644
Wilson M (2)	$351,280
Winistok W	$270,607
Winogrodzka C	$163,607
Winzoski T	$81,799
Wirch M F	$79,203
Wiseman D G	$155,337
Wiseman N	$310,110
Woelk C	$134,370
Wolfe K B	$147,361
Wollner G P	$177,497
Wong H	$226,967
Wong K T J	$169,679
Wong R P W	$122,260
Wong S W C	$337,618
Wong T	$120,082
Woo C	$217,096
Woo N	$77,171
Woo V C	$387,023
Woods A K	$157,975
Woolf C I	$126,325
Wozney L R	$168,741
Wozny A J	$190,905
Wulff E	$85,148
Yaffe C	$393,984
Yale R	$75,641
Yamamoto K	$231,181
Yamsuan M	$58,422
Yaren S	$80,096
Yeo L I (2)	$221,215
Yeung C	$244,516
Yip B	$59,670
Young D	$133,945
Young J D	$203,595
Young M R	$182,957
Young S K	$173,897
Yuen C K	$318,255
Zacharias G	$235,035
Zacharias J	$134,188
Zaki Magdy F	$274,661
Zeiler F	$340,325
Zetaruk M	$102,959
Ziesmann M	$689,194
Zimmer K W	$186,591
Zurbyk R	$90,191
Zywina P R	$172,697

Explanatory Notes:

(1) *Director of a laboratory facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 112 for list of facilities).*

(2) *Director of a radiology facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 113 for list of facilities).*

(3) *Billings for Dialysis services representing the work of more than one physician. (See page 114 for list of facilities).*

(4) *Director of a nuclear medicine facility. Services may be provided by a group of practitioners, but are billed in the name of a single practitioner for administrative efficiencies. (See page 114 for list of facilities).*

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001*(Continued)*

Laboratory Directors and Facilities

Banerjee R	Assiniboine Clinic Laboratory
Chang S W	Winnipeg Clinic
Galbraith P	Manitoba Clinic
Israels L G	Central Medical Lab
Lucman L	Provencher Medical Diagnostic Laboratory
MacDonald J K	Clement Block Lab - Brandon
Naidoo S	Southwood Laboratory Unicity Lab Services-McPhillips Street
Naidoo J	Central Medical Lab
Ross F J	Park West Medical Centre
Sachdeva P	Abbott Clinic
Taylor M J S	Western Medical Clinic The Brandon Clinic
Trainor J M	Medical Arts Building Windsor Park Medical Centre Lakewood Medical Centre
Tsang K F M	Norlyn Lab Service
Wightman H R	Assiniboine Clinic Lab

Manitoba Health Services Insurance Plan

The Public Sector Compensation Disclosure Act

Schedule of Payments for Fiscal Year Ended March 31, 2001 *(Continued)*

Radiology Directors and Facilities

Boult Ian F	Winnipeg Radiology Services - Medical Arts Building
	Winnipeg Radiology Services - Charleswood Clinic
	Winnipeg Radiology Services - Southwood Medical Centre
Couselan G W	The Brandon Clinic
	Clement Block Xray
Dyck D R	Bethel Hospital - Radiology Department
	Winkler Clinic
Eaglesham H	Manitoba Xray Clinic - Elmwood Branch
	Misericordia Care Centre - Ultrasound
Hardy B	Abbott Clinic
Holt S C	St. Vital Radiology Services
Kindle G F	Brandon Hospital Screening Program
Kroeker M A	Manitoba Xray Clinic - Dr Hildahl
	Manitoba Xray Clinic - Tache Branch
Krongold I	Tache Xray Service - Graham Avenue
	Norlyn Xray Department
	Assiniboine Clinic
	Parkview Xray Clinic - Main Street
	Seven Oaks Medical Centre
	Boyd X-Ray Clinic
Levi C	HSC Diagnostic Ultrasound
Lindquist L	Winnipeg Clinic
Major P	Manitoba Clinic
Paquin R W	Transcona Clinic Xray
	Metro Xray Clinic - Graham
Pierce G W	Manitoba Xray Clinic - Westwood Branch
	Grace Hospital Ultrasound
Saunders C G	Diagnostic Services Division
	Manitoba X-Ray Clinic
Shatsky M	Westbrook Medical Centre
	Drs Kaprowy, Krongold, Ng & Shatsky
	Lakewood Medical Centre
	McGregor Medical Centre
Tsuyuki S H	St. Boniface Clinic
Wilson M	Manitoba X-Ray Cinic – Misericordia Care Centre
Yeo L	Metro X-ray – Graham Avenue

Manitoba Health Services Insurance Plan
The Public Sector Compensation Disclosure Act
Schedule of Payments for Fiscal Year Ended March 31, 2001 ***(Continued)***

Dialysis Directors and Facilities

Bernstein K	Health Sciences Centre
Fine A	St. Boniface General Hospital
Penner S B	Brandon General Hospital
Bernstein K and Fine A	**Local Centres**
	Dauphin General Hospital
	Flin Flon General Hospital
	Morden Hospital
	Pine Falls Hospital
	Portage la Prairie Hospital
	The Pas Health Complex
	Thompson General Hospital

Nuclear Medicine Directors and Facilities

Dupont J O	Nuclear Medicine Consultants
	Winnipeg Clinic – Nuclear Medicine

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of The Manitoba Hospital
Capital Financing Authority

We have audited the balance sheet of The Manitoba Hospital Capital Financing Authority as at March 31, 2001 and the statement of income and expenditure for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 20, 2001

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 2001

ASSETS	2001	2000
Current assets		
Accrued interest	$ 7,057	$ 9,256
Current portion of investments	42,000	42,000
	49,057	51,256
Investments, at cost, Schedule 1	97,000	139,000
	$ 146,057	$ 190,256

LIABILITIES	2001	2000
Current liabilities		
Accrued debenture interest	$ 7,057	$ 9,256
Current portion of debentures payable, (Note 3)	42,000	42,000
	49,057	51,256
Debentures payable, Schedule 2	97,000	139,000
	$ 146,057	$ 190,256

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Statement of Income and Expenditure
for the year ended March 31, 2001

	2001	2000
Income		
Interest earned on investments	$ 22,462	$ 28,319
Expenditure		
Debenture interest	22,462	28,319
	$ 0	$ 0

Notes to Financial Statements
March 31, 2001

1. Nature of the Authority

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities, and

iii) to purchase securities issued by health care facilities with money borrowed by the Authority where the health care facilities could not trade their securities on the open market.

Health care facilities include hospitals, non-profit personal care homes and other designated related service institutions.

2. Accounting Policy

These financial statements have been prepared in accordance with generally accepted accounting principles.

3. Investment and Debentures Payable

The Authority's investments in various health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies.

Annual principal repayments on debentures payable are as follows:

2002	$ 42,000
2003	$ 42,000
2004	$ 42,000
2005	$ 13,000

4. Financing Approvals

The Authority approved $241 million in long-term financing agreements made directly between the Province of Manitoba and various health care facilities during 2000-01. There were no approvals granted by the Authority in 1999-00 for the issuance of securities by health care facilities.

5. Services Provided by the Province

The Province of Manitoba provides administrative services at no charge to the Authority.

6. Statement of Cash Flows

These financial statements do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 2001

	Interest Rate (%)	2001	2000
Serial debentures issued by:			
Selkirk Linen Services Inc.	13.625	$ 139,000	$ 181,000
Total Investments		139,000	181,000
Less: Current portion (Note 3)		42,000	42,000
Investments		$ 97,000	$ 139,000

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable
as at March 31, 2001

Series Number	Interest Rate (%)	Year of Maturity	2001	2000
5A	13.625	Nov. 15, 2001-2004	$ 139,000	$ 181,000
Total debentures payable			139,000	181,000
Less: Current portion (Note 3)			42,000	42,000
Debentures payable			$ 97,000	$ 139,000

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 2001 and the statements of operations, The Manitoba Housing and Renewal Fund (Deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 29, 2001

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 2001

ASSETS

	2001	2000
Cash (note 4)	$ 93,973,982	$ 73,656,069
Accounts receivable and accruals (note 5)	19,926,062	22,448,931
Loans and mortgages receivable (note 6)	179,078,936	182,636,047
Investment in land and housing:		
Housing projects (note 7)	321,439,470	327,806,811
Housing investment (note 8)	16,631,484	17,540,773
Land development costs (note 9)	1,097,473	681,904
Land (note 10)	12,369,734	12,505,098
	351,538,161	358,534,586
	$644,517,141	$637,275,633

LIABILITIES AND FUND BALANCE

	2001	2000
Accounts payable, holdbacks and accruals	$37,937,621	$26,268,832
Provision for modernization and improvement	23,436,720	26,218,703
Deferred revenue (note 11)	1,947,105	1,977,414
Long-term debt (note 12)	553,370,031	570,894,272
Risk reserve fund (note 23)	13,439,628	12,469,377
Deferred contributions (note 13)	31,715,339	16,793,661
The Manitoba Housing and Renewal Fund (Deficit)	(17,329,303)	(17,346,626)
Contingencies (note 22)		
Commitments (note 24)		
Guarantees (note 25)		
	$644,517,141	$637,275,633

Approved by the Board of Directors:

Director

Director

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2001

	2001	2000
Revenue:		
Grants from the Province of Manitoba (note 14)	$ 37,918,163	$ 38,836,916
Contributed services (note 15)	6,388,100	5,107,500
Rental revenue (note 16)	58,487,598	57,502,187
Federal contributions	52,935,637	52,477,332
Interest:		
Loans and mortgages	18,624,654	18,928,290
Bank and other	125,015	163,355
	18,749,669	19,091,645
Sales of land - joint venture (note 9)	1,179,990	1,109,790
Other	90,630	4,704
	175,749,787	174,130,074
Expenditures:		
Housing operations (note 16)	101,408,632	98,595,693
Rental subsidies (note 17)	44,598,822	42,908,016
Grants and subsidies (note 18)	5,664,099	8,227,980
Interest expense (note 19)	20,087,228	20,446,494
Administrative services (note 15)	2,297,000	2,980,300
Gain on sale of housing projects and land	(68,090)	(477,343)
Provision for loss and write downs	464,394	1,510,729
Cost of land sales - joint venture	800,727	790,082
Other	479,652	604,587
	175,732,464	175,586,538
Excess (deficiency) of revenue over expenditures	$ 17,323	$ (1,456,464)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF THE MANITOBA HOUSING AND RENEWAL FUND (DEFICIT)
YEAR ENDED MARCH 31, 2001

	2001	2000
Balance at beginning of year	$(17,346,626)	$(15,890,162)
Excess (deficiency) of revenue over expenditure	17,323	(1,456,464)
Balance at end of year	$(17,329,303)	$(17,346,626)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2001

	2001	2000
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenditure	$ 17,323	$(1,456,464)
Add (deduct) items not involving cash:		
Amortization	8,116,677	8,660,581
Provision for loss and write downs	464,394	1,510,729
Gain on sale of housing projects and land	(68,090)	(477,343)
Federal subsidies - housing projects	(1,309,106)	(1,139,716)
	7,221,198	7,097,787
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	2,522,869	27,228,337
Accounts payable, holdbacks and accruals	11,668,789	3,065,906
Provision for modernization and improvement	(2,781,983)	(2,800,280)
Deferred revenue	(30,309)	259,309
Deferred contributions	14,921,678	10,444,150
Land development costs	(415,569)	401,590
Land in joint venture	120,403	149,716
Risk reserve fund	1,000,251	279,225
	34,227,327	46,125,740
Financing activities:		
Borrowings	550,499	86,038
Repayment of borrowings	(18,074,740)	(16,895,857)
	(17,524,241)	(16,809,819)
Investing activities:		
Additions to land and housing	-	(544,355)
Additions to loans and mortgages	(234,231)	(183,723)
Proceeds from sale of land and housing	204,197	1,165,576
Proceeds from repayment of loans and mortgages	3,674,861	8,409,556
	3,644,827	8,847,054
Increase in cash	20,317,913	38,162,975
Cash at beginning of year	73,656,069	35,493,094
Cash at end of year	$93,973,982	$73,656,069

(see accompanying notes)

Loans and mortgages receivable bear interest at various rates between 2% and 13.5% with maturities at various dates to 2024.

In addition to the loans and mortgages above, forgivable loans outstanding in the amount of $6,502,493 (2000 - $6,587,992) have been approved in accordance with the terms of the loan agreements. An asset valuation allowance equal to the amount of outstanding forgivable loans has been recorded by the Corporation.

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2001	2000
Market rental programs	$9,534,814	$9,516,119
Other programs	167,973	200,174
	$9,702,787	$9,716,293

7. Housing projects

	2001	2000
Completed Housing Projects:		
Original cost	$403,851,136	$404,422,743
Less - financing provided by CMHC	18,896,641	20,205,747
	384,954,495	384,216,996
Less - accumulated amortization	63,515,025	56,410,185
Housing projects	$321,439,470	$327,806,811

8. Housing investment

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 were administered by CMHC and subsequently have been administered by MHRC, under the Rural and Native Housing Program.

On September 3, 1998, MHRC and CMHC executed a Declaration of Trust by which CMHC has transferred their ownership interest in cost-shared and 100% CMHC funded Public Housing projects to MHRC, as trustee. MHRC's interest in these projects will be earned over the remainder of each project's CMHC subsidy commitment period, in amounts which will correspond to the annual amortization of the assets. No increase in housing investment has been recorded by MHRC.

9. Joint venture

a) The Corporation contributed 124 acres of land, at appraised value, to a joint venture with Qualico Developments (Winnipeg) on July 21, 1993. The appraised value of the land at that time was $2,220,000. On December 10, 1999 the joint venture was dissolved and the land was transferred to land for future development or sale.

b) The Corporation contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The appraised value of the land at that time, adjusted for subsequent sales, was $2,665,304 (2000 - $2,785,707) and is included in joint venture land in note 10. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba. In accordance with the terms of the agreement, the Corporation has provided loan guarantees for the purposes of the joint venture development in an amount not to exceed $2,400,000 (note 25).

The following is a summary of the Corporation's pro rata share of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	2001	2000
Current Assets:		
Cash and short term investments	$ 459,311	$ -
Accounts receivable from land sales	1,020,285	659,405
	1,479,596	659,405
Long Term Assets:		
Development in progress	1,097,473	681,904
Refundable deposits	-	32,628
	1,097,473	714,532
Total Assets	$2,577,069	$1,373,937
Current Liabilities:		
Accounts payable and accrued liabilities	844,986	26,770
Total Liabilities	844,986	26,770
Net Assets	$1,732,083	$1,347,167
Sales of land	$1,179,990	$1,109,790
Cost of land sales	680,323	640,366
Gross margin	499,667	469,424
Expenses:		
Interest on bank indebtedness	4,551	7,057
General	54,448	50,356
Other	51,812	60,659
Total expenses	110,811	118,072
Net income for the year	$ 388,856	$ 351,352

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2001

1. Authority

The Manitoba Housing and Renewal Corporation (MHRC) operates under the authority of The Housing and Renewal Corporation Act, being Chapter H 160 Revised Statutes of Manitoba 1987. The purposes and objects of the Act are:

a) to ensure that there is an adequate supply of housing stock in Manitoba;

b) to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs;

c) to maintain and improve the condition of existing housing stock; and

d) to stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

MHRC is under the management and control of a Board of Directors appointed by the Lieutenant Governor in Council. The board shall consist of not fewer than five members and not more than 13 members and the Lieutenant Governor in Council may designate one of the members of the board as chairperson and one member as vice-chairperson.

The Corporation is economically dependent on the Government of the Province of Manitoba.

These financial statements include, in note 16, the operating results of MHRC owned properties which are managed by The Manitoba Housing Authority (MHA). MHA was incorporated in 1992 as an agency of MHRC.

MHA is under the management and control of a Board of Directors who are appointed by the Minister of Family Services and Housing.

2. Significant accounting policies

a) Basis of accounting

The Corporation's financial statements are prepared using the accrual basis of accounting.

b) Loans and mortgages receivable

Loans and mortgages receivable are valued at principal amounts less an allowance for loan impairment.

c) Loan forgiveness

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. The Corporation records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, the Corporation records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance.

d) Allowance for loan impairment

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. The Corporation does not provide any additional non-specific, general provision for loan impairment. The Corporation's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

e) Housing projects and amortization

i) Social housing projects are valued at cost less accumulated amortization.

ii) Market housing projects are valued at the lesser of cost less accumulated amortization and net realizable value.

iii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.

iv) Housing projects which are declared abandoned or surplus to the needs of the Corporation are valued at the lesser of cost less accumulated amortization and net realizable value.

v) Amortization of housing projects is based on the actual principal repayment of the long-term debt. This policy is similar to that followed by Canada Mortgage and Housing Corporation (CMHC). Amortization for projects built under the Rural and Native Housing Program is based on the imputed principal repayment equivalent to that of 100% long-term debt financing with CMHC.

f) Housing investment

Housing investment is valued at cost less accumulated amortization. Annual amortization is equal to the annual principal repayment of the imputed long-term debt as determined by the terms of the Social Housing Agreement with CMHC.

g) Interest in joint venture

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's prorata share of each of the assets, liabilities, revenues and expenditures of the joint venture is combined on a line by line basis with similar items in MHRC's financial statements.

h) Land

Land is valued at the lower of cost and appraised value adjusted for estimated disposition costs, except for land leased to co-operatives. Cost includes acquisition costs and related carrying costs. The carrying costs of the land, which include interest, planning and development costs, grants in lieu of taxes, less revenue derived from use of undeveloped land, were capitalized to land to March 31, 1993. Effective April 1, 1993 the carrying costs are charged annually to operations. Cost for land acquired after March 31, 1993 consists of the original purchase price.

Land leased to co-operatives is valued at original cost. The Corporation incurs no liabilities or obligations with respect to the lessees' buildings situated on the land. The carrying costs of the land, net of lease revenue, are charged annually to MHRC operations.

i) Interest capitalization

Interest costs on financing related to housing projects and housing investments are capitalized to the date of completion.

j) Pension costs and obligations

Current service contributions for MHA employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by employees.

k) Contributed and administrative services

Under an agreement entered into between The Manitoba Housing and Renewal Corporation and the Department of Family Services and Housing, in 1984, the Department provides administrative services to MHRC at no cost. The value of these contributed and administrative services is recorded as revenue and expenditure.

l) Modernization and improvement

Normal, recurring modernization and improvement expenditures, which are funded by annual grant and subsidy revenues are expensed in the period in which they are incurred. Significant, non-recurring modernization and improvement costs, which are funded by designated revenues, are accrued in the same period that such designated grant or subsidy revenues are approved by the funder and recorded by MHRC.

m) Financial instruments

i) Financial Risk

Financial risk is the risk to the Corporation's operations that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Corporation does not use derivative instruments to reduce its exposure to interest risk. This risk is mitigated through the almost exclusive use of fixed rate terms for its mortgages and loans receivable and its long-term debt.

ii) Credit Risk

Credit risk arises from the potential that a counterparty to an agreement with the Corporation will fail to perform its obligations. The Corporation conducts an assessment of credit issues prior to committing to such agreements and it actively monitors the credit risks associated with its accounts receivable and loans and mortgages receivable on an ongoing basis.

iii) Fair Value

There is no secondary market for many of the financial assets in which the Corporation invests or for the debt it issues. These circumstances, together with the uncertainty and potentially broad range of outcomes pertaining to the future cash flows related to these items, render the calculation of fair values, with appropriate reliability, impractical.

3. Acquisition of Control of Social Housing Operations

Pursuant to the Social Housing Agreement executed by MHRC and CMHC on September 3, 1998 which took effect October 1, 1998, CMHC transferred its ownership interest in Public Housing Projects to MHRC in accordance with a Declaration of Trust, and MHRC has assumed sole responsibility for operating policy decisions relating to these projects. Previous agreements provided for the two parties to exercise joint control over operating policies. Rental subsidies provided through agreements with third parties for which MHRC has assumed responsibility are included in note 17.

4. Cash

	2001	2000
On deposit with the Minister of Finance:		
Trust deposits	$60,355,961	$42,819,501
Modernization and improvement fund	17,068,682	16,090,062
Risk reserve fund (note 23)	13,439,628	12,701,687
Mobile home loan guarantee program fund (note 25)	744,539	674,229
Security deposits	103,180	97,077
Noon meal program	123,062	115,782
	91,835,052	72,498,338
Bank	2,130,880	1,150,531
Petty cash	8,050	7,200
Cash	$93,973,982	$73,656,069

5. Accounts receivable and accruals

	2001	2000
Canada Mortgage and Housing Corporation	$ 871,535	$ 309,326
Government of the Province of Manitoba and its agencies	12,350,200	16,447,492
Rent receivables - net of allowance of $2,082,140 (2000 - $1,305,551)	795,158	199,303
Accrued interest on loans and mortgages receivable	930,036	757,489
City of Winnipeg - net of allowance of $125,210 (2000 - $87,645)	220,639	172,292
Other - net of allowance of $57,270 (2000 - $301,919)	4,758,494	4,563,029
Accounts receivable and accruals	$19,926,062	$22,448,931

6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2001	2000
Federal/Provincial Housing:		
Private Non-Profit Housing Program	$113,381,161	$114,372,310
Rural and Native Housing Program	146,271	188,023
Urban Native Housing Program	42,492,800	43,639,000
	156,020,232	158,199,333
Market Rental Programs:		
Co-operative HomeStart Program	8,390,211	8,437,938
Co-operative Index Linked Program	9,663,683	10,062,709
Manitoba Rural RentalStart Program	599,214	607,400
Manitoba Senior RentalStart Program	5,570,500	5,664,423
	24,223,608	24,772,470
Other Programs:		
Community Residences Program	7,509,448	8,104,350
Market Homeowner Programs	449,817	521,935
Homeowner Rehabilitation Programs	416,291	528,945
Other	162,327	225,307
	8,537,883	9,380,537
	188,781,723	192,352,340
Less - allowance for loan impairment	9,702,787	9,716,293
Loans and mortgages receivable	$179,078,936	$182,636,047

10. Land

	2001	2000
Under development	$ 187,210	$ 187,210
Future development or sale	7,782,828	7,797,789
Leased to co-operatives	1,734,392	1,734,392
Joint ventures	2,665,304	2,785,707
Land	$12,369,734	$12,505,098

11. Deferred revenue

	2001	2000
Manitoba Housing Authority tenant prepaid rent	$1,817,522	$1,846,293
Other prepaid land lease and subsidy contribution received in advance	129,583	131,121
Deferred revenue	$1,947,105	$1,977,414

12. Long-term debt

	2001	2000
Government of the Province of Manitoba:		
Advances, convertible to long-term advances, at prime interest rates	$ 1,346,670	$ 796,171
Long-term advances, at interest rates from 6.125% to 13.375% maturing at various dates to 2030 and requiring annual principal and interest payments of $40,628,193 (2000 - $41,314,900)	354,046,501	368,696,598
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.75% to 11.00% maturing at various dates to 2030 and requiring annual principal and interest payments of $15,460,380 (2000 - $15,487,245)	195,522,698	198,920,187
Mortgages payable (assumed on property acquisitions), at interest rates from 5.125% to 9.625% maturing at various dates to 2030 and requiring annual principal and interest payments of $254,440 (2000 - $254,440)	2,454,162	2,481,316
Long-term debt	$553,370,031	$570,894,272

Principal repayments on the long-term debt are estimated as follows:

2002	$ 7,813,670
2003	8,454,072
2004	9,146,960
2005	9,896,638
2006	10,707,758
Subsequent to 2006	507,350,933
	$553,370,031

13. Deferred contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay fixed annual contributions to MHRC for individual housing projects over the remainder of the CMHC subsidy commitment period. The Agreement took effect October 1, 1998 and has a funding expiration date of August 31, 2031. The Agreement provides that a specified amount of the annual federal contributions must be applied toward housing programs, which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs is similarly specified. Unexpended federal contributions are carried forward by MHRC for future use, but such contributions must be fully used, in accordance with the Agreement, by the funding expiration date of August 31, 2031.

14. Grants from the Province of Manitoba

	2001	2000
Department of Housing:		
MHRC operating programs	$32,780,700	$32,320,600
Grants and subsidies	4,239,346	4,925,099
	37,020,046	37,245,699
Grants recovered from the Department of Finance:		
Pensioner Tenant School Tax Assistance Program	628,117	730,217
Grants recovered from the Department of Intergovernmental Affairs:		
Winnipeg Development Agreement, Housing Assistance for High Risk Groups	270,000	861,000
Grants from the Province of Manitoba	$37,918,163	$38,836,916

15. Contributed and administrative services

	2001	2000
Administrative services provided by the Department of Family Services and Housing were allocated as follows:		
- included in the Statement of Operations	$2,297,000	$2,980,300
- included in administration expenditure in note 16, Manitoba Housing Authority Housing Operations	2,248,500	1,985,800
- included in administration expenditure in note 16, Sponsor Managed Housing Operations	364,400	48,100
- included in funding provided to not for profit housing corporations, in note 17	1,307,200	849,600
- included in funding provided to private landlords, in note 17	171,000	12,300
Total Department of Family Services and Housing administrative services provided	6,388,100	5,876,100
Less:		
- paid to the Department of Family Services and Housing by the Corporation from funds received through the Social Housing Agreement	-	768,600
Contributed and Administrative services	$6,388,100	$5,107,500

16. Housing operations

The management and operation of all MHRC social housing projects are the responsibility of the Manitoba Housing Authority and sponsor managed groups. Their operating results are:

	Manitoba Housing Authority Managed	Sponsor Managed	2001	2000
Revenue				
Rental revenue	$46,311,097	$12,176,501	$58,487,598	$57,502,187
Expenditure				
Administration (note 15)	11,544,321	1,703,454	13,247,775	12,728,781
Property operating	33,041,905	7,844,180	40,886,085	39,622,308
Grants in lieu of taxes	9,393,727	1,554,709	10,948,436	9,788,949
Amortization and interest	30,575,721	5,750,615	36,326,336	36,455,655
	84,555,674	16,852,958	101,408,632	98,595,693
Operating loss	38,244,577	4,676,457	42,921,034	41,093,506

17. Rental Subsidies

The Corporation is obligated to provide ongoing rental subsidies under third party operating agreements. The net rental subsidies required by these organizations are:

	2001	2000
Not for profit housing corporations	$27,159,361	$26,001,901
Co-operative housing corporations	4,012,319	4,010,847
Private landlords	4,763,364	4,627,059
Property management agreements	8,663,778	8,268,209
Net rental subsidies	$44,598,822	$42,908,016

18. Grants and subsidies

	2001	2000
Shelter Allowance for Family Renters	$ 920,322	$ 980,054
Shelter Allowance for Elderly Renters	3,319,024	3,682,487
Elderly and Infirm Persons Housing	-	192,558
Pensioner Tenant School Tax Assistance	628,117	730,217
Renovation and Repair Programs	293,376	1,521,920
Co-op Homestart Program	233,260	259,744
Winnipeg Development Agreement, Housing Assistance for High Risk Groups	270,000	861,000
	$5,664,099	$8,227,980

19. Interest expense

In addition to the interest expense of $20,087,228 (2000 - $20,446,494), interest expense in the amount of $30,433,220 (2000 - $30,439,332) is included in note 16 in the amortization and interest expenditure.

20. Pension obligations

Employees of The Manitoba Housing Authority are eligible for pensions under the Manitoba Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires The Manitoba Housing Authority to contribute an amount equal to the employees' contribution to the Superannuation Fund for current services. Such payments are charged to operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned.

Pension expense recorded for the year ended March 31, 2001 was $411,673 (2000 - $391,246).

21. Severance pay benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 22 or 15 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $877,105 from the Province of Manitoba, which is an amount that is equal to the estimated liability recorded for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and accordingly, the amount of this receivable will remain fixed at $877,105.

22. Contingencies

The Corporation is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Corporation. Any settlement will be recognized in the year the settlement occurs.

23. Risk Reserve Fund

Pursuant to the Social Housing Agreement dated September 3, 1998 between CMHC and MHRC, CMHC made a one-time payment of $12,700,000 to MHRC in 1999. This amount was provided for the purpose of mitigating future operating risks associated with MHRC's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement. This amount has been recorded as a risk reserve fund and is increased by interest earned thereon and is reduced as the Corporation incurs expenses as a result of the identified risks.

24. Commitments

The Corporation had the following commitments as at March 31, 2001.

a)	Housing project modernization and improvement	$450,339
b)	Repair and renovation expenditures	$1,871,252

c) Grants and subsidies:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is now fully responsible for the funding commitments of all Social Housing Projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2002	$31,775,723
2003	31,773,678
2004	31,769,588
2005	31,769,588
2006	31,748,114

25. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

	2001	2000
Joint Venture Investment Guarantee (note 9)	$2,400,000	$2,400,000
Mobile Home Loan Guarantee Program	2,134,165	2,895,669
Rural Mortgage Lending Program	8,114	11,958
Other mortgage guarantees	1,274,008	1,834,535
Total guarantees	$5,816,287	$7,142,162

A guarantee fee of 2 1/2% is charged for each mortgage under the Mobile Home Loan Guarantee Program. The assets of the Mobile Home Loan Guarantee Program as at March 31, 2001 are $744,539 (2000 - $720,847) and are included in cash $744,539 (2000 - $674,229) (note 4) and no assets in housing projects (2000 - $46,618). The trust fund liability is included in accounts payable.

26. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2001 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 18, 2001

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2001

	2001 $	2000 $
ASSETS		
Current Assets:		
Cash on deposit with Province of Manitoba	888,382	901,786
Accounts Receivable - Trade	7,567	1,206
Accounts Receivable - Province of Manitoba	2,303,203	2,325,998
Accounts Receivable - Other	70,622	91,407
Total Current Assets	3,269,774	3,320,397
Funding Commitment - Province of Manitoba (Note 5)	24,244,242	24,244,242
Long-term Investment - Faneuil ISG Inc. (Note 3)	1	1
Total Long-term Investments	24,244,243	24,244,243
TOTAL ASSETS	27,514,017	27,564,640
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable - Trade	15,819	18,439
Accounts Payable - Province of Manitoba	2,534,497	2,560,538
Deferred Revenue (Note 6)	44,658	130,492
Total Current Liabilities	2,594,974	2,709,469
Long-term Liabilities:		
Operating Advance Payable	500,000	500,000
Loans Payable to the Province of Manitoba (Notes 4 and 5)	24,244,242	24,244,242
Total Long-term Liabilities	24,744,242	24,744,242
TOTAL LIABILITIES	27,339,216	27,453,711
RETAINED EARNINGS	174,801	110,929
TOTAL LIABILITIES AND RETAINED EARNINGS	27,514,017	27,564,640

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
Income:		
Participation Fees (Note 2b)	140,494	138,567
Contract Fees Recoveries - Industry, Trade and Mines	434,202	410,859
Licence Fees Revenue	-	92,179
Expenses Recovered from Industry, Trade and Mines - Faneuil ISG Inc.	2,306,448	2,325,998
Total Income	2,881,144	2,967,603
Expenses:		
Program Expenditures (Note 2b)	79,792	195,813
Audit Fees	7,245	5,000
Contract Fees	426,786	410,859
Guarantee Fees	121,221	116,714
Interest	2,181,982	2,145,284
Miscellaneous	246	13,776
Licence Fees	-	92,179
Service Fees	-	64,000
Total Expenses	2,817,272	3,043,625
Net Income (Loss) for the Year before the following:	63,872	(76,022)
Increase in Provision for Decline in Value of Investment	-	(19,448,242)
Increase in Funding Commitment from the Province of Manitoba for Decline in Value of Faneuil ISG Inc. Investment	-	19,448,242
Net Income (Loss) for the Year	63,872	(76,022)
Retained Earnings, beginning of year	110,929	186,951
Retained Earnings, end of year	174,801	110,929

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001

	2001 $	2000 $
Operating Activities		
Net Income (Loss) for the year	63,872	(76,022)
Changes in operating assets and liabilities		
Accounts receivable - trade	(6,361)	57,607
Accounts receivable - Province of Manitoba	22,795	(1,087,101)
Accounts receivable - other	20,785	3,478
Interest receivable - Faneuil ISG Inc.	-	18,135
Accounts payable - trade	(2,620)	(5,946)
Accounts payable - Province of Manitoba	(26,041)	1,161,146
Deferred revenue	(85,834)	(149,203)
Net cash flow from (to) operating activities	(13,404)	(77,906)
Investing Activities:		
Decrease in long-term investment - Faneuil ISG Inc.	-	18,796,753
Net cash flow from (to) investing activities	-	18,796,753
Financing Activities:		
Increase in Funding Commitment from the Province of Manitoba	-	(24,244,242)
Increase in Loans Payable to the Province of Manitoba	-	5,447,488
Net cash flow to (from) financing activities	-	(18,796,754)
Net decrease in cash	(13,404)	(77,907)
Cash and term deposits, beginning of year	901,786	979,693
Cash and term deposits, end of year	888,382	901,786

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The object of the Corporation is to encourage, develop and increase Manitoba exports and trade. The Corporation's primary emphasis is to connect Manitoba businesses with emerging export opportunities.

The Corporation is economically dependent on the Department of Industry, Trade and Mines of the Government of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Department.

2. Significant Accounting Policies

a. Basis of Presentation

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b. Participation Fees and Program Expenditures

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

c. Administrative Expenses Paid By The Province of Manitoba

No amount has been reflected in the financial statements for office space and other administrative services provided to the Corporation by the Department of Industry, Trade and Mines.

3. Long-Term Investment Faneuil ISG Inc.

On August 24, 1994, the Corporation entered into a series of agreements along with the Province of Manitoba, the Manitoba Telephone System (MTS) and Faneuil ISG Inc. (Faneuil) whereby a new information services company was established in Winnipeg. This new company develops integrated marketing systems and marketing information from call centres throughout North America.

In conjunction with these agreements, the Corporation acquired a subordinated debenture from Faneuil in the amount of $16 million. This debenture was due September 18, 1999 and provided for interest of 6.5% per year. The Corporation maintains a call on all of Faneuil's assets, subordinated only to Faneuil's bank, as security for this debenture.

3. Long-Term Investment Faneuil ISG Inc. (Cont'd):

The terms of the debenture were subsequently restructured and $5.6 million of the debenture was converted to Class B convertible preferred shares. For the fiscal year ended March 31, 1999, the Corporation recorded a provision against the debenture of $1,796,000 - $1,500,000 to reflect loan forgiveness for job creation and an additional $296,000 to write the debenture down to its estimated present value based on future cash flows receivable under the modified repayment terms.

In addition, these agreements provided for the Corporation to assume notes receivable from Faneuil, based on MTS and Faneuil entering certain call centre equipment and service contracts over the life of these agreements.

Based on a current assessment, it is uncertain that the Corporation will recover its long-term investment in Faneuil and consequently the value of the long-term investment has been reduced to a nominal value of $1 as follows:

	2001 $	2000 $
Long - Term Investment - Faneuil		
Notes Receivable - Call Centre Equipment	5,000,000	5,000,000
Notes Receivable - Service Contract	244,242	244,242
Debenture Receivable	10,400,000	10,400,000
Preferred Shares	5,600,000	5,600,000
	21,244,242	21,244,242
Provision for Decline in Value of Investment	(21,244,241)	(21,244,241)
	1	1

4. Loans Payable to the Province of Manitoba

The operating advance from the Province of Manitoba is non-interest bearing with no fixed terms of repayment.

In exchange for acquiring the subordinated debenture as described in Note 3 above, the Corporation has assumed responsibility for term notes payable, based on facility service fees being paid by MTS to Faneuil. As at March 31, 2001, these term notes payable assumed by the Corporation totaled $19,000,000 ($19,000,000 as at March 31, 2000).

4. Loans Payable to the Province of Manitoba (Cont'd):

In exchange for acquiring notes receivable as described in Note 3, the Corporation has also assumed responsibility for equivalent amounts of term notes payable. These amounts payable are based on call centre equipment and service contracts entered between MTS and Faneuil.

All term notes payable bear interest at 9% per year and are due January 1, 2002.

In addition to interest, the Corporation pays to the Province on an annual basis, a service fee of .5% on the cumulative notes outstanding, and a guarantee fee of .5% of the amount of notes outstanding at the previous March 31.

As described in Note 3 above, the value of the long-term investment in Faneuil has been reduced to $1. The term notes payable to the Province of Manitoba on account of Faneuil are as follows:

	2001 $	2000 $
Loans Payable to the Province of Manitoba		
Term Notes Payable - Call Centre Equipment	5,000,000	5,000,000
Term Notes Payable - Facility Service Fees	19,000,000	19,000,000
Term Notes Payable - Service Contract Fees	244,242	244,242
	24,244,242	24,244,242

5. Funding Commitment – Province of Manitoba

The Corporation has an outstanding loan from the Province of Manitoba in the amount of $24,244,242 as at March 31, 2001 ($24,244,242 as at March 31, 2000). If the Corporation's long-term investment from Faneuil ISG Inc. does prove uncollectable, the Province of Manitoba is committed to writing off an equivalent amount of its loan to the Corporation regarding this transaction.

6. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific projects. Changes in the deferred revenue balance are as follows:

	2001 $	2000 $
Balance, beginning of year	130,492	279,695
Less amount recognized as revenue in the year	(452,901)	(525,795)
Add amounts received during the year	367,067	376,592
Balance, end of year	44,658	130,492

7. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2001 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 28, 2001

Exhibit A

The Manitoba Water Services Board

Balance Sheet

as at March 31, 2001

ASSETS	2001	2000
Current assets		
Cash	$ -	$ 240,505
Restricted cash on Deposit (Note 3)	470,488	-
Accounts receivable	3,745,660	3,325,669
Construction in progress (Note 4)	1,074,750	1,695,525
Accrued interest	51,880	70,944
Current portion of debentures receivable	309,374	368,127
	5,652,152	5,700,770
Debentures receivable from municipalities (Note 5)	1,117,178	1,426,553
Capital assets (Note 6)	216,342	280,075
	$ 6,985,672	$ 7,407,398

LIABILITIES	2001	2000
Current liabilities		
Bank Indebtedness	$ 262,727	$ -
Accounts payable and accrued charges	3,932,785	1,034,148
Advances from the Province of Manitoba payable on demand	1,000,000	4,500,000
Current portion of long-term debt	99,539	90,791
Restricted Funds - Whitemud Conservation District (Note 3)	470,488	
	5,765,539	5,624,939
Long-term debt (Note 7)		
Advances from the Province of Manitoba	651,299	750,838
Funds retained (Note 8)	468,834	931,621
Interest adjustment fund account (Note 9)	100,000	100,000
	568,834	1,031,621
	$ 6,985,672	$ 7,407,398

The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 2001

	2001	2000
Revenues		
Sale of water	$ 1,149,800	$ 1,495,300
Administrative expenses paid by the Province of Manitoba (Note 10)	1,839,908	1,854,395
Interest	203,713	309,945
Total revenues	3,193,421	3,659,640
Expenditures		
Direct expenditures for water supply plants		
Interest - Advances payable on demand	202,060	396,231
- Long-term debt	91,715	103,308
Less: Interest allocated to new construction	(161,211)	(355,882)
	132,564	143,657
Chemicals	83,890	97,238
Amortization	57,612	80,448
Heat, telephone, light and power	211,664	153,702
Professional services	579,685	1,201,125
Salaries and benefits	312,513	342,566
Repairs and maintenance	207,326	315,686
Administrative expenses (Note 9)	1,839,908	1,854,395
Total expenditures	3,425,162	4,188,817
Excess (deficiency) of operating revenues over expenditures	(231,741)	(529,177)
Funds retained, beginning of year	931,621	1,878,208
Plant surplus transferred to municipalities on disposition	(231,046)	(417,410)
Funds retained, end of year (Note 8)	$ 468,834	$ 931,621

Exhibit C

The Manitoba Water Services Board

Statement of Cash Flows

for the year ended March 31, 2001

	2001	2000
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of operating revenues over expenditures	$ (231,741)	$ (529,177)
Expenditure not involving cash - amortization	57,612	80,448
	(174,129)	(448,729)
Change in accounts receivable	(419,991)	(1,421,248)
Change in accounts payable and accrued charges	2,898,637	(3,371,149)
Change in accrued interest	19,063	30,733
Cash provided by (used for) operating activities	2,323,580	(5,210,393)
Financing activities		
Advances received	3,400,000	8,200,000
Advances repaid	(6,990,790)	(10,796,988)
Debentures receivable principal recoveries	368,128	463,782
Cash provided by (used for) financing activities	(3,222,662)	(2,133,206)
Investing activities		
New construction costs	(22,439,098)	(20,182,009)
Funding recovered from:		
Province of Manitoba	11,548,496	12,073,005
Municipalities	11,511,377	11,143,138
Decrease (increase) in construction in progress	620,775	3,034,134
Capital asset disposals	6,121	12,269
Plant surplus transferred to municipalities on disposition	(231,046)	(417,410)
Cash provided by (used for) investing activities	395,850	2,628,993
Decrease in cash	(503,232)	(4,714,606)
Cash, beginning of year	240,505	4,955,111
Cash (bank indebtedness), end of year	$ (262,727)	$ 240,505

Interest paid during the year ended March 31 amounted to $283,207 (2000 - $516,808)

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 2001

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared using generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at fair value in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

3. RESTRICTED CASH ON DEPOSIT

The Board holds in trust an infrastructure renewal reserve account for the Whitemud Conservation District to be used over the next ten years towards the Province's 75% contribution to replace aging waterway bridges and crossings. The Whitemud Conservation District will assume responsibility for the provincial waterway infrastructure.

4. CONSTRUCTION IN PROGRESS

	2001	2000
Balance, beginning of year	$ 1,695,525	$ 4,729,659
New construction costs	22,439,098	20,182,009
	24,134,623	24,911,668
Funding recovered from:		
Municipalities	11,511,377	11,143,138
Province of Manitoba	11,548,496	12,073,005
	23,059,873	23,216,143
Balance, end of year	$ 1,074,750	$ 1,695,525

5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
2000	October 31	13.750	$ -	$ 89,788
2000	December 31	12.750	-	2,195
2001	December 31	13.125	10,763	20,280
Subtotal (carried forward)			$ 10,763	$ 112,263

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 2001

5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
Subtotal (brought forward)			$ 10,763	$ 112,263
2002	December 31	13.125	96,148	136,028
2003	December 31	12.625	156,088	196,913
2004	December 31	12.750	595,217	704,468
2005	October 31	10.950	306,540	350,948
2006	October 31	9.800	102,799	114,995
2006	October 31	8.000	158,997	179,065
Total debentures receivable			1,426,552	1,794,680
Less: current portion			309,374	368,127
Debentures receivable beyond one year			$ 1,117,178	$ 1,426,553

6. CAPITAL ASSETS

	2001	2000
Land and easements	$ 23,165	$ 28,955
Buildings	1,351,253	1,619,662
Less accumulated amortization	1,158,076	1,368,542
	193,177	251,120
Equipment	474,900	546,005
Less accumulated amortization	474,900	546,005
Total capital assets	$ 216,342	$ 280,075

7. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
Advances from the Province of Manitoba:				
2004	March 31	9.250	10,782	13,786
2006	October 31	9.800	125,084	139,923
2007	March 31	9.625	593,734	664,598
2007	October 31	9.400	21,238	23,322
Total advances payable			750,838	841,629
Less: current portion			99,539	90,791
Advances payable beyond one year			$ 651,299	$ 750,838

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required in each of the next five years to meet debt retirement provisions are:

2002	$ 171,938
2003	$ 171,938
2004	$ 171,938
2005	$ 167,660
2006 and beyond	$ 67,364

8. FUNDS RETAINED

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 2001

8. FUNDS RETAINED (continued)

Funds retained consist of the following:

	No.	2001 Amount	No.	2000 Amount
Plants owned by the Board				
Plants with a deficit	5	$ (504,081)	4	$ (256,179)
Plants with a surplus	9	628,362	13	832,100
	14	124,281	17	575,921
Plants owned by Municipalities				
Plants with a surplus	1	22,996	1	28,346
Total funds retained, water supply plants	15	147,277	18	604,267
Gain on Sale of the Red River Regional Water Supply System		321,557		327,354
Total funds retained		$ 468,834		$ 931,621

Subsequent to year end, no Water Treatment Plants have been transferred.

9. INTEREST ADJUSTMENT FUND ACCOUNT

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

10. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

	2001	2000
Professional services	$ 23,459	$ 15,210
Salaries and benefits	1,450,494	1,481,055
Telephone and utilities	25,331	26,736
Travel	46,073	14,394
Rental for office premises	132,788	134,349
Other administrative	161,763	182,651
	$ 1,839,908	$ 1,854,395

11. COMMITMENTS

	2001	2000
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 17,864,863	$ 22,881,057
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 5,522,200	$ 8,995,428
Recovery of construction costs - Municipalities and Cooperatives	12,342,663	13,885,629
	$ 17,864,863	$ 22,881,057

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under The Loan Act. As at March 31, 2001, the Province had unused authority of $43,099,900 under The Loan Act, 2000 to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

12. CONTINGENCIES

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

13. RELATED PARTY TRANSACTIONS

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of business.

14. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Debentures receivable and long-term debt are estimated using public quotations or discounted cash flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements. They are not materially different from their carrying value.

Credit Risk

The Board, in the normal course of business is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from rural municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each rural municipality.

Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
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AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Public Schools Finance Board as at June 30, 2000 and the statement of revenue and expenditure and education support fund for the year then ended. These financial statements reflect the education program costs administered through the Public Schools Finance Board and the funding provided for this program from the Department of Education and Training and from municipal corporations. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Larry Unryn

Winnipeg, Manitoba
October 27, 2000

Larry Unryn, CA
for the Provincial Auditor

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
As at June 30, 2000

ASSETS	2000	1999
	(in thousands of dollars)	
Cash	$ 1,718	$ 903
Funds on deposit with the Province of Manitoba	136	1,575
Accounts receivable:		
Province of Manitoba	14,810	14,906
Municipal corporations - education support levy	122,242	119,750
Other	2,387	578
	$ 141,293	$ 137,712

LIABILITIES AND EDUCATION SUPPORT FUND	2000	1999
Support payable to school divisions	$ 4,609	$ 5,002
Accrued interest	2,361	1,915
Notes payable on demand, at bank prime, Province of Manitoba	132,683	128,561
Other payables	104	137
	139,757	135,615
Education Support Fund	1,536	2,097
	$ 141,293	$ 137,712

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure and Education Support Fund for the year ended June 30, 2000

	2000	1999
	(in thousands of dollars)	
Revenue:		
Province of Manitoba Schools Finance Program	$ 581,851	$ 551,596
Municipal corporations, education support levy	202,027	198,943
Sale of school properties and miscellaneous revenue	26	359
	783,904	750,898
Expenditure:		
Operational support program (Note 3)	714,773	681,716
Capital support program (Note 4)	64,616	64,763
Administrative and other expenses (Note 5)	5,076	4,168
	784,465	750,647
Excess (deficiency) of revenue over expenditure	(561)	251
Education Support Fund Balance, beginning of year	2,097	1,846
Balance, end of year	$ 1,536	$ 2,097

1. Nature of the Board's Operations

The Public Schools Finance Board was established by The Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the Capital Support Program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the Operational Support Program in amounts as determined by the Minister of Education and Training.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained on an accrual basis, except for debt servicing support, which is expensed on a cash basis.

(b) The education support levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 1999 levy to the July to December period and 60% of the 2000 levy to the January to June period.

3. Operational Support Program

	2000	1999
	(in thousands	of dollars)
Support for Recognized expenditures	$ 381,256	$ 368,799
Occupancy	76,078	75,640
Special needs - Level I	43,349	42,546
Counselling and guidance	9,142	8,886
Library services	15,570	15,264
Professional development	4,733	3,734
Transportation	36,042	35,365
Board and Room	944	934
Special needs	50,325	46,734
Technology (Vocational) education	7,200	7,065
English as a second language	2,497	2,174
English language enrichment for native students	5,158	4,800
Heritage language	226	221
French Language Programs/Instruction	5,247	5,286
Programme d'accueil	330	330
Small schools	1,933	1,933
Curricular materials	9,115	8,953
Students at Risk	11,470	10,022
Early identification	249	248
Distance education	133	133
Decreasing enrolment	1,172	1,221
Remoteness allowance	2,189	2,245
Red River Vocational Coordinator	45	45
New school	15	248
Supplementary support	34,195	31,413
Early Literacy	4,639	2,692
Information Technology	7,292	1,791
Early Behaviour Intervention	1,989	-
Adjustment of previous years' support to school divisions from estimated to actual	(3)	(161)
Supplementary Guarantee	0	955
Misc (Pipeline)	(36)	-
Vocational equipment replacement	2,200	2,200
Vocational equipment establishment	79	-
	$ 714,773	$ 681,716

4. Capital Support Program

	2000	1999
	(in thousands of dollars)	
Debt servicing	$ 56,082	$ 56,063
Other capital projects	8,534	8,700
	$ 64,616	$ 64,763

As at June 30, 2000, the approved outstanding debenture debt of school divisions was $378,378,379 (1999 - $352,527,787). The Board has not, however, assumed legal liability related to the repayment of such long-term debt and, therefore, this amount is not reflected in the financial statements.

During the course of the year, school divisions raised an additional $44,125,000 to finance capital expenditures (1999 - $31,008,000) by the issuance of debentures purchased by the Minister of Finance.

5. Administrative and other expenses

	2000	1999
	(in thousands of dollars)	
Board members' indemnities	$ 88	$ 91
Staff salaries	520	498
Professional services	100	93
Service Agreement	169	169
Meetings and travel	55	58
Printing, stationery, postage and supplies	39	44
Desktop Management	46	27
Computers, software and minor equipment	4	3
Telephone and fax	10	10
Rent	36	35
Interest charges on notes payable to the Province of Manitoba	4,009	3,140
	$ 5,076	$ 4,168

6. Commitments

As at June 30, 2000, the Board had commitments of $5,927,444 (1999 - $3,004,977). Included in this amount is $4,411,160 of commitments which have been provided for in appropriations included in the 2000/01 estimates of the Province of Manitoba (1999 - $1,851,182). The balance of $1,516,284 as at June 30, 2000(1999 - $1,153,795) are committed from the Education Support Fund balance.

7. Changes in Financial Position

A statement of changes in financial position has not been included because, in the opinion of management, it would not provide any meaningful additional information.

8. Related Party Transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

9. Pension Costs and Obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board and its employees reflect no provision in the financial statements relating to the effects of participation in the pension plan.

Deloitte &
Touche

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AUDITORS' REPORT

To the Board of Governors of
Red River College

We have audited the balance sheet of Red River College as at June 30, 2000 and the statements of operations, changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
October 10, 2000

RED RIVER COLLEGE
Balance Sheet
(in thousands)
June 30, 2000

	2000	1999
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	$ 1,174	$ 189
Marketable securities	-	76
Accounts receivable	2,708	3,758
Inventories	593	606
Prepaid expenses (Note 4)	1,805	2,047
	6,280	6,676
DUE FROM PROVINCE OF MANITOBA	9,275	9,275
CAPITAL ASSETS (Note 5)	9,712	10,842
	$ 25,267	$ 26,793
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	$ 12,827	$ 12,090
Deferred revenue	4,050	4,526
	16,877	16,616
DEFERRED CONTRIBUTIONS (Note 7)	1,548	1,034
DEFERRED CAPITAL CAMPAIGN CONTRIBUTIONS (Note 8)	1,227	728
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	3,318	3,231
	6,093	4,993
NET ASSETS		
Net assets invested in capital assets (Note 10)	5,167	6,883
Net assets restricted for endowments (Note 11)	1,064	770
Net assets internally restricted (Note 11)	175	800
Unrestricted net assets	(4,109)	(3,269)
	2,297	5,184
	$ 25,267	$ 26,793

APPROVED BY THE BOARD OF GOVERNORS

.... Chair

ARobins .... Vice-Chair

RED RIVER COLLEGE
Statement of Operations
(in thousands)

Year Ended June 30, 2000

	2000	1999
REVENUE		
Academic training fees	$ 12,404	$ 9,822
Grants and reimbursements	38,831	36,178
Market Driven Training Centre	4,254	6,503
International education	444	267
Continuing education	5,690	5,060
Sundry and other revenue	6,471	5,796
Gain on disposal of assets	3	-
Amortization of deferred contributions	1,744	2,471
	69,841	66,097
EXPENSES		
Academic	41,395	37,707
Administration	10,245	9,509
Program support	3,688	3,592
Plant	8,904	8,055
Management information services	2,801	2,514
Library	1,273	1,215
Capital campaign expenses	-	5
Amortization of capital assets	2,703	3,696
	71,009	66,293
Excess of expenses over revenue before other items	(1,168)	(196)
OTHER ITEMS		
Net proceeds on Pan Am Games contract	461	-
Loss on writedown of art collection	(1,662)	-
Net increase in accrued vacation and severance	(812)	(365)
	(2,013)	(365)
EXCESS OF EXPENSES OVER REVENUE	$ (3,181)	$ (561)

RED RIVER COLLEGE
Statement of Changes in Net Assets
(in thousands)
Year Ended June 30, 2000

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	Total 2000	Total 1999
Balance, beginning of year	6,883	770	800	(3,269)	$ 5,184	$ 5,366
Endowment Gifts	-	294	-	-	294	379
Excess of expenses over revenue	(2,915)	-	-	(266)	(3,181)	(561)
Transfer out of internally restricted funds	-	-	(625)	625	-	-
Investment in capital assets (Note 10)	1,199	-	-	(1,199)	-	-
Balance, end of year	$ 5,167	$ 1,064	$ 175	$ (4,109)	$ 2,297	$ 5,184

RED RIVER COLLEGE
Statement of Cash Flows
(in thousands)
Year Ended June 30, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of expenses over revenue	$ (3,181)	$ (561)
Amortization of capital assets	2,703	3,696
Amortization of deferred capital contributions	(1,744)	(2,471)
Writedown of art collection	1,662	-
Increase in deferred other contributions	811	921
Gain on disposal of capital assets	(3)	-
Net change in non-cash working capital items (Note 12)	1,642	(1,309)
	1,890	276
FINANCING AND INVESTING ACTIVITIES		
Purchase of capital assets	(3,232)	(4,720)
Endowment gifts received	294	379
Contributions received for capital purposes	1,466	1,499
Capital campaign contributions	486	562
Dividends and sale of marketable securities	81	-
	(905)	(2,280)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	985	(2,004)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	189	2,193
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 1,174	$ 189

1. DESCRIPTION

Red River College operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statutes of Manitoba. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, investment in capital assets and contributed surplus from the Province of Manitoba.

The main campus of the College, located at 2055 Notre Dame Avenue, Winnipeg, Manitoba is owned by the Province of Manitoba. The College does not pay any rent for the use of the campus but is responsible for payment of property taxes and certain facilities costs under the government's Accommodation Cost Recovery System (ACRES). The College is currently finalizing a memorandum of understanding for the continued use of this campus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Inventories*

Inventories of merchandise held by the College bookstore, printshop and food services are valued at the lower of cost and net realizable value.

(b) *Capital assets*

i) Assets acquired post-board governance are capitalized at their purchase price. Donated assets are capitalized at their market value at the time of the donation. The value of items transferred to College ownership at board-governance was determined based on the Transfer Agreement by Order in Council dated November 16, 1994 from the Province of Manitoba. These assets were transferred at their agreed upon net value at the time of transfer, April 1, 1993. Based on the amortization policy set out below, these assets have been fully depreciated.

ii) Equipment and furniture are amortized over their estimated useful lives, at a rate of 20% straight line based on original cost.

iii) Computer equipment is recorded at cost and amortized on a straight line basis at 33% per annum.

iv) Major renovations are recorded at cost and are amortized on a straight line basis at 5% per annum.

v) Vehicles are recorded at cost and are amortized on a straight line basis at 20% per annum.

vi) Leasehold improvements to the College's facility at 123 Main Street are being amortized on a straight line basis over the term of the lease, which expires January, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Capital assets (continued)*

vi) Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions.

(d) *Donations*

Donations are recorded when received. Donations of materials and equipment are recorded at fair market value.

(e) *Revenue recognition*

The College follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

The unearned portion of tuition fees and contractual training revenue received but not earned until the next fiscal year is recorded as deferred revenue.

3. CASH AND SHORT TERM INVESTMENTS

	2000	1999
Bank Indebtedness	$ (759)	$ (1,208)
Cash	-	9
Short term investments	1,933	1,388
	$ 1,174	$ 189

The College has a $5,000 operating line of credit with the Province of Manitoba.

Short term investment activity is transacted with the Department of Finance, Province of Manitoba in short term deposits.

4. PREPAID EXPENSES

	2000	1999
Property taxes	$ 1,157	$ 1,161
Deferred program development costs	76	266
Other	572	620
	$ 1,805	$ 2,047

5. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment & furniture	$ 6,234	$ 3,658	$ 2,576	$ 2,343
Computer equipment	12,181	9,415	2,766	3,601
Major renovations	3,190	219	2,971	1,731
Vehicles	18	1	17	11
Leasehold improvements	186	53	133	71
Construction in progress	26	-	26	200
Artwork	-	-	-	1,662
Library holdings	1,223	-	1,223	1,223
	$ 23,058	$ 13,346	$ 9,712	$ 10,842

The (decrease) increase in net book value of capital assets is due to the following:

	2000	1999
Balance, beginning of year	$ 10,842	$ 9,818
Purchase of capital assets funded by deferred capital contributions	1,466	1,499
Purchase of capital assets funded by deferred building campaign contributions	567	562
Purchase of capital assets internally funded	1,199	2,659
Write down of art collection	(1,662)	-
Gain on disposal of capital assets	3	-
Amortization of capital assets	(2,703)	(3,696)
	$ 9,712	$ 10,842

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2000	1999
Trade payables	$ 1,033	$ 956
Accrued salaries and benefits	415	559
Accrued retirement severance pay	5,665	5,394
Accommodation cost recovery program	860	772
Accrued vacation pay	4,854	4,409
	$ 12,827	$ 12,090

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent the portion of the provincial operating grant that pertains to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	2000	1999
Deferred provincial operating grant		
Balance, beginning of year	$ 387	$ -
Amount recognized as revenue during the year	(387)	-
Amount received related to following year	630	387
Balance, end of year	630	387
Deferred other contributions		
Balance, beginning of year	647	313
Amount recognized as revenue during the year	(297)	(200)
Amount received related to following year	568	534
Balance, end of year	918	647
	$ 1,548	$ 1,034

8. DEFERRED CAPITAL CAMPAIGN CONTRIBUTIONS

Deferred capital campaign contributions represent the donations received to date under the College's VIP campaign to renovate one of the buildings on campus. The donations are being amortized on the same basis as the renovations to the building. The changes in the deferred capital campaign contributions balance are as follows:

	2000	1999
Balance, beginning of year	$ 728	$ 204
Less: Amortization of deferred capital campaign contributions during the year	(68)	(38)
Add: Donations received during the year	567	562
Balance, end of year	$ 1,227	$ 728

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants, donations and other revenue received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2000	1999
Balance, beginning of year	$ 3,231	$ 3,965
Less: Amortization of deferred contributions	(1,379)	(2,233)
Add: Contributions received for capital purposes	1,466	1,499
Balance, end of year	$ 3,318	$ 3,231

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2000	1999
Capital assets	$ 9,712	$ 10,842
Less: Amounts financed by deferred building campaign contributions	(1,227)	(728)
Deferred capital contributions	(3,318)	(3,231)
Balance, end of year	$ 5,167	$ 6,883

The change in investment in capital assets is calculated as follows:

	2000	1999
Purchase of capital assets internally financed	$ 1,199	$ 2,659
Amortization of capital assets	(2,703)	(3,696)
Amortization of deferred capital contributions	1,379	2,233
Amortization of deferred capital campaign contributions	68	38
Write down of art collection	(1,662)	-
Gain on disposals of capital assets	3	-
(Decrease) increase in investment in capital assets	$ (1,716)	$ 1,234

11. RESTRICTIONS ON NET ASSETS

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to provide various scholarships, bursaries and other expenditures of future years.

In 1998, the College's Board of Governors internally restricted $800,000 as a reserve against future contingencies. During the year, the Board approved the transfer of $625,000 from this reserve to unrestricted net assets to offset a portion of the year's losses.

12. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2000	1999
Decrease (increase) in marketable securities	$ 76	$ (76)
Decrease (increase) in accounts receivable	1,050	(643)
Decrease (increase) in inventories	13	(172)
Decrease in prepaid expenses	242	291
Increase (decrease) in accounts payable	737	(1,828)
(Decrease) increase in deferred revenue	(476)	1,119
Increase (decrease) in non-cash working capital	$ 1,642	$ (1,309)

13. COMMITMENTS

The College leases classroom and office space in Winnipeg, Portage La Prairie, Steinbach and Winkler, Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual lease and contractual commitment payments for accommodation, services, construction costs and equipment, in aggregate, for each of the next five years, are as follows:

2001	$ 2,849
2002	1,568
2003	657
2004	319
2005	279

14. PENSION COSTS AND OBLIGATIONS

The College's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for College employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the pension plan by the College and its employees.

15. CHARITABLE STATUS

The College is a registered charity under the Income Tax Act.

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

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**Deloitte
& Touche**

AUDITORS' REPORT

To the Board of Directors of
Brandon Regional Health Authority Inc.

We have audited the consolidated statement of financial position of Brandon Regional Health Authority Inc. as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Brandon Regional Health Authority Inc. as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
July 12, 2001

**Deloitte
Touche
Tohmatsu**

Brandon Regional Health Authority
Consolidated Statement of Financial Position

March 31		2001		2000
ASSETS				
CURRENT				
Cash	$	39,802	$	3,344,777
Accounts receivable (Note 3)		6,560,568		5,862,720
Inventories		1,133,601		1,170,735
Prepaid expenses		1,537,255		871,909
		9,271,226		11,250,141
DEFERRED CHARGES FUTURE EMPLOYEE BENEFITS		11,514,833		4,355,968
INVESTMENTS (Note 4)		3,214,020		3,101,741
CAPITAL ASSETS (Note 5)		53,676,978		52,376,315
OTHER ASSETS		4,709,978		4,216,003
	$	82,387,035	$	75,300,168
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	6,589,579	$	5,228,419
Bank advances		3,008,263		22,000,561
Other liabilities		441,700		2,262,656
Current portion of long term debt (Note 6)		1,925,105		335,476
		11,964,647		29,827,112
ACCRUED FUTURE EMPLOYEE BENEFITS		11,514,833		4,355,968
LONG TERM DEBT (Note 6)		28,566,986		11,914,941
DEFERRED CONTRIBUTIONS (Note 7)				
Expenses of future periods		736,411		596,713
Capital assets		19,738,128		18,145,702
		72,521,005		64,840,436
NET ASSETS				
Invested in capital assets (Note 8)		5,446,040		4,882,558
Internally restricted		3,747,520		5,065,523
Unrestricted		672,470		511,651
		9,866,030		10,459,732
	$	82,387,035	$	75,300,168

The notes are an integral part of the financial statements

Brandon Regional Health Authority
Consolidated Statement of Operations

For the year ended March 31		2001 Actual		2000 Actual
REVENUE				
Manitoba Health operating income				
Income as per Rate Recommendation (excluding funding related to Capital)	$	94,108,590	$	86,564,930
Retroactive Salary Payments		1,270,609		-
Recovery/(Repayment) of Non Global Items		763,542		441,977
Deferral of Manitoba Health Income		(150,265)		(184,643)
Other Manitoba Health Income		1,945,609		1,805,996
Deficit Recoverable From Manitoba Health		3,517,588		2,750,582
Non-insured income		5,630,516		5,801,001
Other Income		3,634,715		3,838,894
Amortization of deferred contributions		4,527,111		4,171,449
Ancillary revenue		3,088,259		3,118,929
		118,336,274		108,127,097
EXPENSES				
Acute Care services		67,679,200		62,431,325
Long Term Care Services		16,865,691		16,305,581
Medical Remuneration - All Programs		6,941,820		4,905,281
Community Services Administration		758,253		1,603,412
Community Based Mental Health Services		7,762,666		6,426,098
Community Based Home Care Services		3,866,019		2,655,990
Community Based Health Services		2,517,390		2,171,978
Land Ambulance		201,912		201,900
RHA Administration Costs		1,690,638		1,364,104
Amortization of capital assets		4,448,411		4,012,868
Amortization of capital assets - Non Devolved Facilities		530,080		507,342
Interest on long term debt		2,359,353		1,750,391
Other operating expenses		393,007		1,066,948
Ancillary expenses		2,915,536		2,673,582
		118,929,976		108,076,780
(Shortfall) Excess of revenue over expenses	$	(593,702)	$	50,317

ALLOCATION OF EXCESS FROM OPERATIONS:

Investment in Capital Assets - Manitoba Health Activities	$	(347,148)	$	(464,569)
Investment in Capital Assets - Non Manitoba Health Activities		(733,289)		(394,229)
Internally Restricted - Non Manitoba Health Activities		216,361		390,900
Unrestricted - Non Manitoba Health Activities		270,374		518,215
	$	(593,702)	$	50,317

The notes are an integral part of the financial statements

Brandon Regional Health Authority

For the year ended March 31, 2001

	Invested In Capital Assets	Internally Restricted	Unrestricted	2001 Total	2000 Total
BALANCE, beginning of year	$ 4,882,558	$ 5,065,523	$ 511,651	$ 10,459,732	$ 10,409,415
(Shortfall) Excess of revenue over expenses	(1,080,437)	216,361	270,374	(593,702)	50,317
Net change in investment in capital assets	1,643,919	(1,534,364)	(109,555)	-	-
BALANCE, end of year	$ 5,446,040	$ 3,747,520	$ 672,470	$ 9,866,030	$ 10,459,732

Brandon Regional Health Authority
Consolidated Statement of Cash Flows

For the year ended March 31		2001		2000
OPERATING ACTIVITIES				
(Shortfall)/Excess of revenue over expenses	$	(593,702)	$	50,317
Items not affecting cash				
Amortization of capital assets		4,448,411		4,012,868
Amortization of deferred contributions related to expenses of future periods		(598,184)		(510,037)
Amortization of deferred contributions related to capital assets		(3,839,031)		(3,661,623)
Changes in non-cash operating working capital items		(1,785,855)		(4,058,679)
		(2,368,361)		(4,167,154)
FINANCING ACTIVITIES				
Increase in deferred contributions related to expenses of future periods		737,882		725,423
Increase in deferred contributions related to capital assets		5,431,457		6,290,719
Increase in bank advances		1,248,033		8,468,140
Repayment of bank advances		(20,240,332)		(1,255,058)
Increase in long term debt		19,000,000		1,500,000
Repayment in long term debt		(758,326)		(59,175)
		5,418,714		15,670,049
INVESTING ACTIVITIES				
Purchase of capital assets		(5,749,074)		(12,609,339)
Increase in other assets		(493,975)		(458,799)
Increase in investments		(112,279)		192,574
		(6,355,328)		(12,875,564)
DECREASE IN CASH		(3,304,975)		(1,372,669)
CASH, BEGINNING OF YEAR		3,344,777		4,717,446
CASH, END OF YEAR	$	39,802	$	3,344,777

1 PURPOSE OF THE ORGANIZATION

The Brandon Regional Health Authority ("Authority") was incorporated under the laws of Manitoba on January 6,1997. The Authority commenced activity on April 1, 1998. The Authority is principally involved in providing health care services to the community of Brandon and surrounding regions. The Authority is a registered charity under the Income Tax Act and accordingly exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) *Basis of Reporting*

The Authority provides health care services through devolved and contract facilities. All significant

The assets, liabilities, and operations of the following devolved organizations have been included in these financial statements:

Brandon Regional Health Centre
Child and Adolescent Treatment Centre
Community and Home Care Health Services
Community Mental Health Services
Fairview Home
Rideau Park Personal Care Home
Westman Laundry

The health care services provided by the contract facilities are delivered under the control of the Authority as the major funder. The financial position and results of operations of these related organizations (Dinsdale Personal Care Home and Westman Regional Laboratory) have not been consolidated. Instead a summary of their financial information has been included in these notes.

b) *Revenue recognition*

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) *Revenue recognition (Continued...)*

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2001.

Unrestricted contributions are recognized as revenue when received, or receivable if the amount to

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

c) *Contributed services*

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

d) *Inventories*

Inventories are valued at a modified average cost, except pharmacy inventory which is valued at the actual cost using the first in, first out method.

e) *Investments*

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and Maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

Capital assets, excluding vehicles are amortized on a straight-line basis using the following annual rates:

Land improvements	4%
Buildings	2.5%
Building service equipment	4%
Major equipment	5% - 20%
Equipment under capital leases	10% - 20%

Vehicles are amortized an a declining balance basis using 30% as the annual rate.

g) *Compensated absences*

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation

h) *Retirement entitlement obligation*

Commencing April 1, 2000, the Authority's prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Authority has a contractual commitment to pay out to employees four days salary per year of service upon retirement subject to meeting certain criteria.

- have ten years service and have reached the age of 55 or

- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee

The Authority has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of the employees who have not yet met the criteria above. Funding for the retirement entitlement is recoverable from Manitoba Health in the year of payment. The cumulative effect of adopting the new recommendations was to increase deferred charges - future employee benefits and the accrued future employee benefits by $ 6,339,718.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) *Deferred charges - future employee benefits*

The authority records a provision for future employee benefits including accrued vacation entitlements, accrued overtime and accrued retirement obligations. Funding for the future employee benefits is recoverable from Manitoba Health as a component of salary costs in the period in which the expenditures are made. Accordingly, the cost of the estimated accrued vacation pay, overtime and retirement obligations at year end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

j) *Due from Manitoba Health*

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority are repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the statement of financial position as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Authority. Any unapproved costs not paid by Manitoba Health are absorbed by the Authority.

3 ACCOUNTS RECEIVABLE

	2001	2000
Manitoba Health		
Deficits Recoverable	$ 3,517,588	$ 1,986,341
Other Operations	22,332	94,114
Outstanding Commitments	1,033,541	1,738,498
	4,573,461	3,818,953
Patients	240,414	218,512
Government of Canada - Goods and Services Tax	411,183	464,174
Sundry	1,385,231	1,405,687
	6,610,289	5,907,326
Less allowance for doubtful accounts	(49,721)	(44,606)
	$ 6,560,568	$ 5,862,720

4 INVESTMENTS

	2001	
	Cost	Fair Value
Government of Canada Bonds	$ 497,074	$ 506,334
Other Bonds	965,579	1,021,031
GICs	1,731,987	1,731,987
Equities	19,380	19,380
	$ 3,214,020	$ 3,278,732

	2000	
	Cost	Fair Value
Government of Canada Bonds	$ 200,000	$ 200,000
Other Bonds	1,238,191	1,274,916
GICs	1,644,474	1,644,474
Equities	19,076	19,071
	$ 3,101,741	$ 3,138,461

The fair value of the investments is based on the year end quoted market bid price.

5 CAPITAL ASSETS

	2001		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 3,049,581	$ 577,198	$ 2,472,383
Buildings	54,482,633	16,735,495	37,747,138
Building service equipment/equipment	38,323,613	28,535,758	9,787,855
Work in Progress	3,669,602	-	3,669,602
	$ 99,525,429	$ 45,848,451	$ 53,676,978

	2000		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,746,423	$ 588,890	$ 2,157,533
Buildings	52,604,887	15,401,125	37,203,762
Building service equipment/equipment	35,215,105	25,487,704	9,727,401
Work in Progress	3,287,619	-	3,287,619
	$ 93,854,034	$ 41,477,719	$ 52,376,315

6 LOANS AND MORTGAGES PAYABLE		2001		2000
School of Nursing Building 5.75% mortgage, repayable $27,241 semi-annually including interest, maturing 2019. The mortgage is secured by land and buildings.	$	605,973	$	624,795
Brandon Regional Health Centre 7.00% debenture, repayable $131,944 monthly, plus interest, maturing 2012. The debenture is paid by Manitoba Health.		18,340,278		
Fairview Home 6% mortgage, repayable $3,907 monthly, including interest, maturing 2018. The mortgage is secured by land and buildings.		507,465		523,525
Fairview Home 7 1/2% mortgage, repayable $2,778 monthly, including interest, maturing 2023. The mortgage is secured by land and buildings.		361,416		367,604
Fairview Home 10 1/8%, sinking fund debenture, repayable $97,318 monthly, including interest, maturing 2008. The indenture documentation assigns the subsidies provided by Manitoba Health for payment of the debenture.		9,250,000		9,250,000
City of Brandon 6.5% loan, repayable $159,529 annually, including interest, maturing 2015.		1,426,959		1,484,493
		30,492,091		12,250,417
Less current portion		(1,925,105)		(335,476)
	$	28,566,986	$	11,914,941

Principal payments due in the next five years are as follows:

2001 -	$	1,925,105
2002 -		1,932,163
2003 -		1,939,672
2004 -		1,947,664
2005 -		1,956,166

7 DEFERRED CONTRIBUTIONS

a) *Expenses of future periods*

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment and construction projects.

	2001	2000
Balance, beginning of year	$ 596,713	$ 381,327
Add amount received	737,882	725,423
Less amount amortized to revenue in the year	(598,184)	(510,037)
Balance, end of year	$ 736,411	$ 596,713

b) *Capital assets*

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of

	2001	2000
Balance, beginning of year	$ 18,145,702	$ 15,154,220
Additional contributions received	5,431,457	6,290,719
Less amounts amortized to revenue	(3,839,031)	(3,299,237)
Balance, end of year	$ 19,738,128	$ 18,145,702

8 INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2001	2000
Capital assets	$ 53,676,978	$ 52,376,315
Funds held by Manitoba Health	4,709,978	4,216,003
Amounts financed by:		
Deferred contributions	(20,035,694)	(18,145,702)
Loan and mortgage payable	(33,500,354)	(33,564,058)
	$ 4,850,908	$ 4,882,558

9 COMMITMENTS AND CONTINGENCIES

The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority.

10 PENSION PLAN

Substantially all of the employees of the Authority are members of the Health Employees Pension Plan (HEPP), which is a multi-employer defined benefit pension plan. HEPP plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings. Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP by placing plan assets in trust and through HEPP investment policy.

The most recent actuarial valuation of the Plan at January 1, 2001 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

11 NON-DEVOLVED FACILITIES

The Authority has a contract arrangement with The Salvation Army Dinsdale Personal Care Home, which provides long term care in the community of Brandon. In addition, the organization carries out the charitable, educational, religious and other benevolent objects and purposes of the Salvation Army. The organization is a registered charity under the Income Tax Act.

The Authority also has the responsibility of providing management services to Westman Regional Laboratory Inc. ("Westman Lab"). Westman Lab provides laboratory services to a number of health care providers in Manitoba, including the Brandon Regional Health Authority. The Majority of Westman Lab's revenue is from Manitoba Health, via the Brandon Regional Health Authority.

The Authority does recognize that since there is economic dependence of both Dinsdale Personal Care Home and Westman Lab on the Authority, accounting control does exist between the Authority and these organizations. In light of this, Management of the Authority has provided a financial summary of these organizations, as opposed to consolidating their financial information with that of the Authority. Financial statements of Dinsdale Personal Care Home and Westman Lab are available upon request.

11 NON-DEVOLVED FACILITIES (continued...)

The Salvation Army Dinsdale Personal Care Home

	2001	2000
FINANCIAL POSITION		
Total assets	$ 3,023,897	$ 3,038,344
Total liabilities	$ 2,669,829	$ 2,730,043
Total net assets	354,068	308,301
	$ 3,023,897	$ 3,038,344
RESULTS OF OPERATIONS		
Total revenues	$ 2,621,502	$ 2,485,203
Total expenses	(2,585,031)	(2,484,594)
Net operating surplus	$ 36,471	$ 609

Westman Regional Laboratory Services Inc.

	2001	2000
FINANCIAL POSITION		
Total assets	$ 5,193,118	$ 3,421,381
Total liabilities	$ 5,160,669	$ 3,388,932
Total net assets	32,449	32,449
	$ 5,193,118	$ 3,421,381
RESULTS OF OPERATIONS		
Total revenues	$ 9,236,664	$ 8,437,879
Total expenses	(10,507,603)	(9,202,102)
Net operating shortfall (Recoverable from Manitoba Health)	$ (1,270,939)	$ (764,223)

BDO

BDO Dunwoody LLP

Auditors' Report

To the Board of Directors
BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

We have audited the balance sheet of **BURNTWOOD REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 25, 2001

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Balance Sheet

March 31	2001	2000
Assets		
Current Assets		
Deferred benefit entitlements (Note 1)	$ 2,093,196	$ 1,665,381
Accounts receivable (Note 2)	691,029	902,148
Due from Manitoba Health (Note 3)	2,454,215	1,657,409
Inventories	315,587	404,138
Prepaid expenses	155,099	182,737
	5,709,126	4,811,813
Capital assets (Note 4)	25,373,400	19,426,013
Deferred charges	1,925	2,648
	$ 31,084,451	$ 24,240,474
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness (Note 5)	$ 1,581,841	$ 931,745
Accounts payable	2,761,140	2,044,659
Deferred benefit entitlements (Note 1)	2,093,196	1,665,381
Deferred revenue (Note 6)	492,556	472,388
Lines of credit (Note 7)	8,758,670	4,638,418
Current portion of capital lease obligations (Note 8)	93,933	30,100
	15,781,336	9,782,691
Obligations under capital lease (Note 8)	1,631,120	101,942
Deferred capital asset grants (Note 9)	7,821,276	7,525,806
	25,233,732	17,410,439
Net Assets		
Net assets invested in capital assets (Note 10)	6,355,595	6,951,238
Net assets internally restricted	196,375	580,048
Unrestricted net assets	(701,251)	(701,251)
	5,850,719	6,830,035
	$ 31,084,451	$ 24,240,474

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Statement of Changes in Net Assets

For the year ended March 31, 2001

	Invested in Capital Assets	Restricted Donations	Unrestricted	2001	2000
Balance, beginning of year	$ 6,951,238	$ 580,048	$ (701,251)	$ 6,830,035	$ 8,598,991
Transferred to deferred contributions (Note 11)	-	(383,673)	-	(383,673)	-
Deficiency of revenue over expenses for the year	(595,643)	-	-	(595,643)	(2,109,958)
Transfers from Foundations and donations received	-	-	-	-	341,002
Balance, end of year	$ 6,355,595	$ 196,375	$ (701,251)	$ 5,850,719	$ 6,830,035

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Statement of Operations

For the year ended March 31	2001	2000
Revenue		
Amortization of deferred contributions	$ 626,600	$ 366,730
Ancillary programs	1,176,830	1,158,368
Manitoba Health - budgeted income	33,046,067	30,063,831
Manitoba Health - out-of-globe income	272,893	-
Patient	270,269	377,707
NPTP recoveries	1,338,371	1,342,662
Other	461,595	639,952
	37,192,625	33,949,250
Expenses		
Acute care services	18,435,931	16,338,655
Amortization of capital assets	626,600	366,730
Ancillary operations	1,176,830	1,156,937
Community based - mental health	462,572	450,630
Community based - home care	1,056,838	888,949
Community based - health services	2,854,209	2,576,835
Support to seniors	27,338	26,519
Interest on long term debt	309,446	288,170
Land ambulance	241,516	227,938
Medical remuneration	10,174,023	8,623,233
NPTP	4,666,888	4,077,181
Regional health authority	1,346,515	1,162,040
	41,378,706	36,183,817
Deficiency of revenue over expenses for the year before other items	(4,186,081)	(2,234,567)
Other Items		
Manitoba Health - out of globe	2,779,685	491,340
Manitoba Health - past commitments	218,559	-
Manitoba Health - In-Globe	1,187,837	-
Amortization of net assets invested in capital assets	(595,643)	(366,731)
	3,590,438	124,609
Deficiency of revenue over expenses for the year	$ (595,643)	$ (2,109,958)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

Statement of Cash Flows

For the year ended March 31	2001	2000
Cash flows from operating activities		
Deficiency of revenues over expenses	$ (595,643)	$ (2,109,958)
Adjustments for		
Transfer to deferred contributions	(383,673)	341,002
Amortization of capital assets	1,222,243	733,461
Amortization of deferred contributions	(626,600)	(366,730)
	(383,673)	(1,402,225)
Changes in non-cash working capital balances		
Accounts receivable	211,119	(226,559)
Due from Manitoba Health	(796,806)	(285,058)
Inventories	88,551	(25,145)
Prepaid expenses	27,638	(89,609)
Accounts payable	716,481	(301,842)
Deferred revenue	20,168	382,002
Current portion of capital lease obligations	63,833	753
Lines of credit	4,120,252	(477,752)
	4,451,236	(1,405,212)
	4,067,563	(2,807,437)
Cash flows from investing and financing activities		
Purchase of capital assets	(7,169,630)	(2,003,676)
Decrease in deferred charges	723	722
Increase in capital lease obligations	1,529,178	(32,152)
Increase in deferred capital asset grants	922,070	2,074,592
	(4,717,659)	421,488
Increase (decrease) in cash during the year	(650,096)	(2,385,949)
Cash and cash equivalents, beginning of year	(931,745)	1,454,204
Cash and cash equivalents, end of year	$ (1,581,841)	$ (931,745)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Nature and Purpose of Organization

Burntwood Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The organization is involved in the provision of health care services to persons resident in the Burntwood Region.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as a direct increase in net assets when earned. Unrestricted investment income is recognized as revenue when earned.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of the organization All significant inter departmental transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit operations have been included in these financial statements:

Community Health Resource Centre
Community Health Services
Gillam Hospital
Leaf Rapids Health Centre
Lynn Lake Hospital
Northern Consultation Centre
Pikwitonei Community Health Centre
Thicket Portage Community Health Centre
Thompson General Hospital
Wabowden Community Health Centre

The organization also receives funding from independent organizations which organize fund-raising drives in various geographic areas exclusively for the use of the Burntwood Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of the board of directors of the independent entities.

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, grants receivable, temporary investments, bank indebtedness, accounts payable, amounts due to (from) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on a moving average basis.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	40 years straight-line basis
Computers	4 years straight-line basis
Equipment	10 years straight-line basis

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Assets Under Capital Lease

Assets under capital lease are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Leaseholds	15 years straight-line basis
Equipment	10 years straight-line basis

Net Assets Internally Restricted

Part of the net assets of the organization have been restricted as approved by the Board of Directors or in accordance with the specific directives of donors. Transfers among net asset classes are recorded when approved by the board of directors.

The donation fund includes transactions related to donations and bequests. Expenditures from the donation fund are at the discretion of the Burntwood Regional Health Authority Inc. governing board.

1. Deferred Benefit Entitlements

Certain accrued employee benefit costs, including vacation pay, unused statutory holiday pay, unpaid overtime and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to record the change in the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health.

The pre-retirement benefits are determined by actuarial valuation. The latest actuarial valuation of the pre-retirement value as of December 31, 2000 reports an obligation of $114,100. The plan is unfunded; however the obligation is covered by Manitoba Health resulting in a nil surplus or deficit at March 31, 2001. $33,200 of benefits were paid from the plan in the current year. No contributions by the employees or employer were made during the year. The assumptions in the valuation report are as follows:

- discount rate of 2%
- expected long-term rate of return on plan assets of 6.5%
- rate of compensation increase of 4%.

2. Accounts Receivable

	2001	2000
Patients receivable	$ 117,998	$ 149,213
Other	573,339	758,408
Allowance for doubtful accounts	(308)	(5,473)
	$ 691,029	$ 902,148

3. Due from Manitoba Health

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Burntwood Regional Health Authority Inc. or repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Burntwood Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

Differences that may occur on final settlement of approved costs are charged directly to current years operations.

	2001	2000
1998/99 Northern Patient Transportation Program deficit	$ 90,027	$ 484,956
1998/99 Non-insured income shortfall	493	493
1999/00 Non-insured income excess	(122,592)	(122,592)
1999/00 Out-of-Globe surplus / (deficit)	9,056	(180,877)
1999/00 Northern Patient Transportation Program deficit	261,891	924,793
1999/00 Midwifery Implementation	-	30,000
1999/00 Construction	29,367	324,907
1999/00 Community Nurse Resource Program	-	195,729
2000/01 Non-insured income excess	(23,834)	-
2000/01 Interest on approved borrowings	(10,986)	-
2000/01 Out-of-Globe deficit	2,067,579	-
2000/01 Pre-retirement	33,230	-
2000/01 Northern Patient Transportation Program deficit	746,926	-
2000/01 Accreditation	65,000	-
2000/01 MAHCP Union Pay costs	174,663	-
2000/01 Deficit advances received	(2,400,758)	-
2000/01 Community Nurse Resource Program	346,316	-
2000/01 Manitoba Health In-Globe	1,187,837	-
	$ 2,454,215	$ 1,657,409

4. Capital Assets

	2001			2000		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 13,694	$ -	$ 13,694	$ 13,694	$ -	$ 13,694
Buildings	22,940,624	5,579,200	17,361,424	21,254,505	5,000,583	16,253,922
Computers	728,205	532,748	195,457	670,553	355,673	314,880
Equipment	11,457,852	9,539,905	1,917,947	11,032,894	9,073,355	1,959,539
Construction in progress	5,884,878	-	5,884,878	883,978	-	883,978
	$ 41,025,253	$ 15,651,853	$ 25,373,400	$ 33,855,624	$ 14,429,611	$ 19,426,013

5. Bank Indebtedness

The Burntwood Health Authority Inc. has an authorized line of credit bearing interest at the bank's prime rate minus 1/2%. Security provided on this line of credit includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health. As at March 31, 2001 the line of credit had unused capacity of approximately $15,500.

6. Deferred Revenue

Deferred revenues consist of Manitoba Health funding for various programs received in the current fiscal year. This allocation of funding is recognized as revenue when program expenses are incurred. The change in the deferred revenues balance for the year is as follows:

	2001	2000
Beginning balance	$ 472,388	$ 62,564
Amount recognized as revenue in the current year	355,907	409,824
Amount deferred in the current year	335,739	-
Balance, end of year	$ 492,556	$ 472,388

7. Lines of Credit

	2001	2000
Demand operating line of credit payable to the Royal Bank of Canada bearing interest at prime minus 0.65% and payments of $21,350 per month plus interest. Security includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health.	$ 8,758,670	$ 4,638,418

Covenants on the above lines of credit include:

a) supplying budgets and audited financial statements within 180 days of fiscal year-end
b) restrictions on additional encumbrances of assets
c) restiction on sale of assets
d) compliance with all environmental regulations
e) insurance coverage

The Burntwood Regional Health Authoirty Inc. was in compliance with all covenants at March 31, 2001.

All principal and interest payments on the above debt are funded by Manitoba Health.

8. Capital Lease Obligations

	2001	2000
The obligations under capital equipment lease are at rates of 6.0% and 6.5%, are due November 11, 2003 and December 4, 2003 and are repayable in monthly amounts of $1,360 and $1,839 principal and interest respectively.	$ 92,114	$ 132,042
The obligations under the lease are at rates of 2% above prime adjusted semi-annually. The lease which is under flexible repayment terms is currently being repaid over 15 years with payments of $16,681 (principal + interest).	1,632,939	-
	1,725,053	132,042
Amount due within one year included in current liabilities	93,933	30,100
	$ 1,631,120	$ 101,942

The obligations under capital leases are secured by certain plant and office equipment.

The future minimum lease payments for the next 5 years are as follows:

2002	$ 93,933
2003	93,933
2004	66,248
2005	54,000
2006	54,000
	$ 362,114

9. Deferred Capital Asset Grants

Deferred capital grants represent restricted capital funding received from the Manitoba Health and other funding partners for the purchase of depreciable capital assets.

Changes in the deferred capital grant balances during the year are as follows:

	2001	2000
Balance, beginning of year,	$ 7,525,806	$ 5,845,765
Contributions received	537,880	2,046,771
Transfer from net assets	384,190	-
Recognized as revenue in the current year	(626,600)	(366,730)
Balance, end of year	$ 7,821,276	$ 7,525,806

10. Net Assets Invested in Capital Assets

	2001	2000
Capital assets	25,373,400	19,442,774
Due from (to) operating fund	(288,096)	298,918
Accounts payable	(324,710)	(97,957)
Long term debt	(8,758,670)	(4,638,418)
Capital lease obligations	(1,725,053)	(132,043)
Deferred contributions	(7,921,276)	(7,922,036)
	$ 6,355,595	$ 6,951,238

11. Transferred to Deferred Contributions

$383,673 was transferred from Restricted Donations net assets in order to invest in capital assets.

12. Economic Dependence

The Burntwood Regional Health Authority Inc. received 93% of its total revenue for the year ended March 31, 2001 from Manitoba Health.

13. Pension Plans

The Burntwood Regional Health Authority Inc. participates in the Healthcare Employees Pension Plan (Manitoba), a plan made available to all health organizations in Manitoba. The obligation under the plan is determined using the accrued benefit method reflecting projected benefits for services rendered to date. The computation of the liability for future pension benefits is done annually by the plan's actuaries. The most recent computation, as disclosed in the plan's audited statements as at March 31, 2000, indicated that the net assets of the plan were adequate to meet the obligations calculated by the actuaries.

14. Healthcare Insurance Reciprocal of Canada

On July 1, 1987 a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2001.

15. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

16. Measurement Uncertainty

Management is of the opinion that the final settlement related to the out of globe deficit related to the current year is $3,052,578 and hence has recorded its best estimate of the expected settlement. Management's estimate is based on past experience on how Manitoba Health makes its calculations.

The Province of Manitoba may provide a settlement for the current year's in-globe deficit. The amount of the proposed in globe settlement from Manitoba Health is not reasonably determinable; thus it has not been recorded.

17. Contingent Liabilities

The Regional Health Authority is subject to four invididual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Regional Health Authority.

18. Inter Program Charges

Included in the statement of operations are inter program charges which result in a reduction in Regional health authority costs of $ 171,648 a reduction in acute costs of $ 210,704 and an increase in medical remuneration expenses of $ 403,352.

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Churchill RHA Inc. as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the RHA's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

We did not attend the physical inventory taking at March 31, 2001 and March 31, 2000, and we were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Accordingly, we are unable to determine whether any adjustments might be necessary to opening and closing inventory, revenue and expenditures and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to examine the inventory quantities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the RHA as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Chapman & Verwey

Chartered Accountants

Portage la Prairie, Manitoba
July 17, 2001

CHURCHILL RHA INC.

Statement of Financial Position

March 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash - operating	$ 29,889	$ 28,476
Cash - capital	-	23,024
Accounts receivable	318,742	352,917
Recoverable from Manitoba Health (note 3)	1,711,590	924,012
Goods and services tax recoverable	38,561	38,280
Inventory	281,897	345,634
Prepaid expenses	99,165	20,840
	2,479,844	1,733,183
Capital assets (note 4)	2,509,278	1,897,500
Deferred benefit entitlement	197,453	178,259
	$ 5,186,575	$ 3,808,942

Liabilities and Net Assets

	2001	2000
Current liabilities:		
Bank indebtedness - operating accounts 5	$ 759,148	$ 515,153
Bank loan - capital projects	436,061	-
Accounts payable and accrued liabilities	469,132	818,603
Accounts payable - capital	118,945	36,615
Accrued benefit entitlement	197,453	178,259
Security deposits	7,617	8,767
Payable to Manitoba Health (note 6)	28,774	28,774
Payable to Churchill RHA Health & Healing Foundation Inc.	9,803	9,803
Current portion of obligation under capital leases (note 7)	47,031	14,744
	2,073,964	1,610,718
Obligation under capital leases (note 7)	74,785	51,572
Deferred contributions (note 9)	2,117,351	1,592,104
	4,266,100	3,254,394
Net assets:		
Invested in capital assets (note 10)	270,111	239,080
Externally restricted - donations (note 11)	22,316	21,007
Externally restricted - separately funded programs (note 11)	168,084	111,650
Unrestricted	459,964	182,811
	920,475	554,548
Contingencies (note 12)		
	$ 5,186,575	$ 3,808,942

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Manitoba Health funded:		
Hospital	$ 3,958,874	$ 3,663,635
Diagnostic services	359,872	412,933
Medical clinic	278,520	278,504
Dental clinic	137,760	275,164
Community services	641,207	686,119
Addictions program	57,000	57,000
Northern patient transportation program	676,143	433,832
Land ambulance	127,488	67,843
Home care	43,009	41,529
Amortization of deferred contributions	252,000	229,000
Offset income	613,092	847,782
	7,144,965	6,993,341
Separately funded programs:		
Churchill Child and Family Services	327,281	235,656
Receiving home	289,849	179,471
Nunavut services	102,761	101,243
Baby First and Women and Infant Nutrition programs	34,300	27,972
	754,191	544,342
Ancillary income, net (schedule)	48,528	107,836
	7,947,684	7,645,519
Expenditures:		
Manitoba Health funded:		
Hospital	4,487,248	4,270,508
Diagnostic services	359,271	448,749
Medical clinic	278,124	348,102
Dental clinic	138,977	434,166
Community services	641,727	726,200
Addictions program	57,668	46,355
Northern patient transportation program	676,767	587,230
Land ambulance	127,280	92,295
Home care	43,735	44,524
Regional Health Authority administrative costs	50,627	121,326
Amortization of capital assets	318,597	289,065
Interest and bank charges	19,653	1,929
Interest on obligation under capital lease	11,879	6,649
	7,211,553	7,417,098
Separately funded programs:		
Churchill Child and Family services	307,016	263,701
Receiving home	274,762	249,094
Nunavut services	81,972	101,243
Baby First and Women and Infant Nutrition programs	34,007	36,257
	697,757	650,295
	7,909,310	8,067,393
Excess of revenue (expenditures) before other income	38,374	(421,874)
Other income:		
Prior years deficit funding	327,553	464,525
Excess of revenue	$ 365,927	$ 42,651

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Changes in Net Assets

Year ended March 31, 2001, with comparative figures for 2000

	Invested in Capital Assets	Externally Restricted Donations	Externally Restricted Seperately Funded Programs	Unrestricted	2001 Total	2000 Total
Balance, beginning of year	$ 239,080	$ 21,007	$ 111,650	$ 182,811	$ 554,548	$ 511,897
Excess of revenue (expenditures)	(66,597)	1,309	49,457	381,758	365,927	42,651
Investment in capital assets	97,628	-	-	(97,628)	-	-
Deficiency of revenue over expenditures in Children's Centre (note 14)	-	-	6,977	(6,977)	-	-
Balance,end of year	$ 270,111	$ 22,316	$ 168,084	$ 459,964	$ 920,475	$ 554,548

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operating activities:		
Excess of revenue	$ 365,927	$ 42,651
Items not involving cash:		
Amortization of deferred contributions	(252,000)	(229,000)
Amortization of capital assets	318,597	289,065
	432,524	102,716
Net change in non-cash operating working capital:		
Accounts receivable	34,175	21,055
Goods and services taxes recoverable	(281)	1,784
Recoverable from Manitoba Health	(806,772)	(813,979)
Inventory	63,737	(86,039)
Prepaid expenses	(78,325)	23,421
Accounts payable and accrued liabilities	(349,471)	463,658
Accrued benefit entitlements	19,194	2,033
Security deposits	(1,150)	1,768
Payable to Churchill RHA Health & Healing Foundation Inc.	-	(1,458)
	(1,118,893)	(387,757)
	(686,369)	(285,041)
Financing and investing activities:		
Additions to capital assets	(930,375)	(867,161)
Deferred contributions	777,247	809,337
Increase (decrease) in obligation under capital leases, net of repayments	55,500	(13,027)
Accounts payable - capital	82,330	23,638
	(15,298)	(47,213)
Decrease in cash	(701,667)	(332,254)
Cash, beginning of year	(463,653)	(131,399)
Cash, end of year	$ (1,165,320)	$ (463,653)
Cash position is comprised of the following:		
Cash - operating	$ 29,889	$ 28,476
Cash - capital	-	23,024
Bank loan - capital projects	(436,061)	-
Bank indebtedeness - operating accounts	(759,148)	(515,153)
	$ (1,165,320)	$ (463,653)

See accompanying notes to financial statements.

General:

Churchill RHA Inc. was incorporated in 1996 under the Corporations Act of Manitoba as a Corporation without share capital. Churchill RHA Inc. is the regional health authority for the Churchill Health Centre. The RHA provides hospital and social service facilities to Churchill and the surrounding area, including eight communities in the Kiviliq Region. The RHA is a registered charitable organization under the Income Tax Act.

1. Significant accounting policies:

(a) Accounting for operations:

Funding is provided by Manitoba Health on an expense recovery basis for out of globe expenditures including debt principal repayment and interest expense. Funding provided by Manitoba Health for all other eligible operations is provided in accordance with the approved in-globe budget. The facility is responsible for any in-globe deficits not approved by Manitoba Health, but may retain in-globe surpluses up to a specified maximum (presently at 2% of net in-globe revenues over expenses). Additional funding may be provided by Manitoba Health for in-globe expenses not initially included in the budget.

The RHA's operations are subject to an annual review and control by The Province of Manitoba through Manitoba Health which provides the hospital with the majority of its revenue. Adjustments to surplus or deficit upon the completion of Manitoba Health's final review are charged to the statement of operations in the year Manitoba Health completes their review.

(b) Revenue recognition:

The RHA follows the deferral method of accounting for contributions which include donations and Government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, including capital grants, are recognized in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income, with the exception of that relating to externally restricted donations, is

1. **Significant accounting policies (continued):**

unrestricted and is recognized as revenue when earned.

(c) Inventory:

Inventory is stated at the lower of cost and net realizable value, using a first-in, first-out basis of calculation.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the RHA's ability to provide services, its carrying value is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Building service equipment	4% - 10%
Major equipment	6.7% - 20%
Equipment under capital lease	20%
Computers	20%

(e) Separately funded programs:

Adjustments to prior years, if any, resulting from a final review by the funding agency, are charged to the statement of operations in the year the funding agency completes their review.

(f) Accrued benefit entitlements:

Benefit entitlements, which include vacation pay and pre-retirement leave entitlements, are recorded in the year that the services, to which they relate, are provided. Accrued benefit entitlements are recorded to the extent that a liability exists at year end.

Funding for the entitlements is provided by Manitoba Health in the period in which the actual vacation pay costs and pre-retirement leave costs are paid, which in the case of vacation pay normally occurs in the subsequent fiscal year.

Accordingly, the cost of estimated accrued benefit entitlements at year end is deferred to enable an appropriate matching of expenses with income received in the subsequent year.

1. Significant accounting policies (continued):

(g) Management estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires Management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Financial instruments:

a) Credit risk:

The RHA is exposed to credit risk on the accounts receivable. An allowance for doubtful accounts has been established by the RHA, based upon factors surrounding the credit risk of specific entities, historical trends and other information.

b) Fair value:

Due to the short-term nature of all financial instruments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate and, if so, any difference would be accounted for in the period in which it becomes known.

3. Recoverable from Manitoba Health:

	2001	2000
Year 2000 compliance expenditure recoveries	$ -	$ 106,547
Deficit financing - March 31, 1999	-	284,120
Deficit financing - March 31, 2000	327,553	435,460
Capital asset financing	701,037	97,885
Deficit financing - March 31, 2001	683,000	-
	$ 1,711,590	$ 924,012

4. Capital assets:

	Cost	Accumulated amortization	2001 Net book value	2000 Net book value
Buildings	$ 864,734	$ 536,665	$ 328,069	$ 349,687
Building service equipment	1,578,634	231,842	1,346,792	786,654
Major equipment	2,807,190	2,107,045	700,145	559,327
Equipment under capital lease	93,820	61,022	32,798	51,562
Computers	374,855	273,381	101,474	150,270
	$ 5,719,233	$ 3,209,955	$ 2,509,278	$ 1,897,500

5. Bank indebtedness:

Bank indebtedness is secured by Manitoba Health to a maximum of $1,437,000 in accordance with Section 43(1) of the Regional Health Authorities Act.

6. Payable to Manitoba Health - Manitoba Health progams surplus repayable:

	2001	2000
Surplus repayable - 1998	$ 28,774	$ 28,774
	$ 28,774	$ 28,774

The surplus incurred in 1998 has not yet been reviewed by Manitoba Health. The net amount incurred has been recorded as a payable, pending completion of this review.

Amounts owing to Manitoba Health arising as a result of this review are not determinable and could vary materially upon final review.

7. Obligation under capital leases:

The following is a schedule of minimum lease payments under two fixed rate capital leases, expiring March 2002 and February 2006 respectively, together with the balance of the obligation:

7. Obligation under capital leases (continued):

2002	$ 59,741
2003	23,750
2004	23,750
2005	23,750
2006	23,847
Total minimum lease payments	154,838
Less amount representing interest from 9.3% to 11.9%	33,022
Present value of capital lease payments	121,816
Less current portion included in current liabilities	47,031
	$ 74,785

8. Deficiency of revenue over expenditures in Children's Centre:

Any excess or deficiency of revenue over expenditures incurred by the Children's Centre is the responsibility of the RHA. As a result, the excess or deficiency of revenue over expenditures incurred by the Children's Centre is to be transferred annually from Externally Restricted - Separately Funded Programs to Unrestricted Net Assets.

9. Deferred contributions:

Deferred capital contributions related to capital assets represent the unamortized amount of funding assistance received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows:

	2001	2000
Balance, beginning of year	$ 1,592,104	$ 1,011,767
Add contributions received	777,247	809,337
Less amounts amortized to revenue	(252,000)	(229,000)
	$ 2,117,351	$ 1,592,104

10. Invested in capital assets:

Net assets invested in capital assets is determined as follows:

	2001	2000
Capital assets	$ 2,509,278	$ 1,897,500
Deferred contributions	(2,117,351)	(1,592,104)
Obligations under capital lease	(121,816)	(66,316)
	$ 270,111	$ 239,080

11. External restrictions:

(a) Donations:

Donors have placed restrictions on the use of donations. The most significant restrictions limit the disbursement to the purchase of diagnostic equipment, Children's Centre playground equipment and library materials. Investment income earned on this amount is restricted for the same purposes as the donations.

(b) Separately funded programs:

The various surpluses and deficits of the separately funded programs are aggregated and recorded as one figure in the financial statements. They remain designated for the respective separately funded program.

Accumulated surplus - Receiving home	$ 158,434
Accumulated deficit - Family services	(5,895)
Accumulated surplus - Health promotion	2,748
Accumulated deficit - Baby First and Women and Infant Nutrition programs	(7,992)
Accumulated surplus - Nunavut services	20,789
	$ 168,084

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12. Contingencies:

The nature of the RHA's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2001, Management believes the RHA has valid defences and appropriate insurance coverage in place. In the event any claims are successful, Management believes that such claims are not expected to have a material effect on the RHA's financial position.

A group of hospitals, including the RHA, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2001.

13. Pension plan:

Employees of the RHA participate in the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan.

The RHA's liability under this pension plan is limited to the contributions required during the year under the pension plan agreement.

The RHA's contributions made to the plan during the year amounted to $99,175 (2000 - $89,387) and are included in the statement of operations.

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

CHURCHILL RHA INC.

Schedule - Ancillary income (expense)

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Year 2000 expenses	$ -	$ (30,065)
Children's Centre, net (gross $215,329)	(6,977)	(33,597)
Retail pharmacy, net (gross $391,253)	43,000	149,286
Gift shop and vending machine income, net (gross $59,216)	11,775	22,200
Donation revenue	730	12
	$ 48,528	$ 107,836

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
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Grant Thornton

Auditors' Report

To the Chairman and Members of the Board of
Interlake Regional Health Authority Inc.

We have audited the consolidated statement of financial position of the Interlake Regional Health Authority Inc. as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Regional Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Interlake Regional Health Authority Inc. as at March 31, 2001 and the results of its consolidated operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures have been audited by another firm of accountants.

Grant Thornton LLP

Chartered Accountants

Winnipeg, Canada
June 20, 2001

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Interlake Regional Health Authority Inc.
Consolidated Statement of Financial Position

Year Ended March 31	2001	2000
Assets		
Current		
Cash and cash equivalents	$ 7,478,215	$ 7,412,647
Accounts receivable	301,369	655,757
Due from Manitoba Health (Note 3)	1,809,253	423,262
Inventories	573,286	422,284
Prepaid expenses	342,845	69,148
Deferred charge vacation and pre-retirement costs (Note 2)	5,161,537	2,678,436
	15,666,505	11,661,534
Other assets	168,092	231,237
Capital assets (Note 4)	31,322,917	32,069,288
	$ 47,157,514	$ 43,962,059
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 4,345,875	$ 4,450,094
Accrued vacation and pre-retirement costs (Note 2)	5,161,537	2,678,436
Current portion of long-term debt	1,286,846	1,170,000
	10,794,258	8,298,530
Due to Betel Heritage Foundation Inc. (Note 5)	293,000	293,000
Long-term debt (Note 6)	14,989,341	14,631,044
Deferred contributions (Note 7)	15,103,310	15,288,093
	41,179,909	38,510,667
Net Assets		
Investment in capital assets (Note 8)	1,353,336	2,249,084
Internally restricted	1,044,721	525,338
Externally restricted	659,685	659,685
Unrestricted	2,719,034	1,804,516
Contract facilities	200,829	212,769
	5,977,605	5,451,392
	$ 47,157,514	$ 43,962,059

Commitments and contingencies (Note 11)

See accompanying notes to the consolidated financial statements.

Interlake Regional Health Authority Inc.
Consolidated Statement of Operations

March 31	2001	2000
Revenue		
Manitoba Health (Note 15)	$ 55,395,260	$ 53,639,389
Client out-of-globe	4,463,818	4,407,529
Offset and other income	2,476,878	2,139,748
Amortization of deferred contributions (Note 7)	2,104,701	2,088,553
Interest	526,213	344,598
Ancillary income	166,131	170,542
	65,133,001	62,790,359
Expenditures		
Acute care	16,766,535	15,918,583
Long-term care	16,186,564	14,972,095
Home based care	8,891,527	9,191,328
Community health	5,160,553	4,597,086
Medical remuneration	3,514,175	3,246,186
Diagnostic services	3,175,693	2,636,876
Emergency response and transport	2,534,399	1,829,647
Mental health	2,482,990	2,351,101
Amortization	2,115,818	2,008,467
Regional undistributed expenditures	2,036,097	1,779,538
Dialysis	651,161	280,119
Safety and renovations	482,811	390,524
Chemotherapy	419,773	197,975
Ancillary operations operating expenditures	154,172	147,757
Nurse recruitment and retention	34,520	
Year 2000 expenditures		1,502,552
	64,606,788	61,049,834
Excess of revenues over expenditures	$ 526,213	$ 1,740,525
Allocated as follows:		
Regional services	$ 538,153	$ 1,685,304
Contracted services	(11,940)	55,221
	$ 526,213	$ 1,740,525

See accompanying notes to the consolidated financial statements

Interlake Regional Health Authority Inc.
Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2001

	Investment in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2001 Total	2000 Total
Health Facilities						
Balance, beginning of year As previously reported	$ 1,254,675	$ 528,587	$ 659,685	$ 2,572,451	$ 5,015,398	$ 2,738,226
Adjustments of prior year balances (Note 14)	994,409	(3,249)		(767,935)	223,225	815,093
As restated	2,249,084	525,338	659,685	1,804,516	5,238,623	3,553,319
Capital assets financed (net of adjustments)	(890,748)			890,748		
Excess of revenue over expenditures	(5,000)			543,153	538,153	1,685,304
Reallocation of interest earned on donation and operating funds		519,383		(519,383)		
	1,353,336	1,044,721	659,685	2,719,034	5,776,776	5,238,623
Contract Facilities						
Balance, beginning of year	318,810			(106,041)	212,769	128,978
Funding adjustments of prior years						28,570
Excess of revenue over expenditures	(6,117)			(5,823)	(11,940)	55,221
	312,693			(111,864)	200,829	212,769
Balance, end of year	$ 1,666,029	$ 1,044,721	$ 659,685	$ 2,607,170	$ 5,977,605	$ 5,451,392

See accompanying notes to the consolidated financial statements.

Interlake Regional Health Authority Inc.
Consolidated Statement of Cash Flows

Year Ended March 31	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	$ 526,213	$ 1,740,525
Items not affecting cash		
Amortization	2,115,818	2,104,973
Amortization of deferred contributions	(2,104,701)	(2,088,553)
	537,330	1,756,945
Change in non-cash operating working capital (Note 9)	(1,560,520)	404,923
	(1,023,190)	2,161,868
Financing		
Funding adjustments of prior years - contract facilities		28,570
Increase in long-term debt - net	475,143	881,509
Increase in deferred contributions - net	1,919,917	1,774,160
	2,395,060	2,684,239
Investing		
Decrease in other assets	63,145	19,551
Acquisition of capital assets - net	(1,369,447)	(4,108,379)
	(1,306,302)	(4,088,828)
Net increase in cash and cash equivalents	65,568	757,279
Cash and cash equivalents, beginning of year	7,412,647	6,655,368
Cash and cash equivalents, end of year	$ 7,478,215	$ 7,412,647
Other information		
Interest paid during the year	$ 1,040,901	$ 1,019,843

See accompanying notes to the consolidated financial statements.

Interlake Regional Health Authority Inc.
Notes to the Consolidated Financial Statements
March 31, 2001

1. Purpose of the organization

Interlake Regional Health Authority Inc. (the "Region") is incorporated and is principally involved providing health care services to the Interlake Region of Manitoba. The Region is a not-for-profit organization and accordingly is exempt from income taxes provided certain requirements under the Income Tax Act are met.

2. Summary of significant accounting policies

The consolidated financial statements include the operations of two contract facilities. Betel Home, Gimli and Betel Home, Selkirk and have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The Region follows the deferral method of accounting for contributions, which includes donations and government grants. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Under the Health Insurance Act, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. The financial statements reflect agreed arrangements approved by Manitoba Health with respect for the year ended March 31, 2001.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, residential charges and marketed services are recognized when the services are provided.

Inventories

Inventories are valued at lower of cost or replacement cost. Cost is generally determined on an average cost basis.

2. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at net book value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Region's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight line basis using the following rates:

Building	3.33% and 5%
Equipment	10% - 20%
Land improvements	5%
Ambulance equipment	20%

Construction-in-progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to capital assets.

Accrued vacation pay

The Region records a liability for accrued vacation pay. Funding for the accrued vacation pay is recoverable from the Province of Manitoba as a component of salary costs for the subsequent year.

Compensated absences

Compensation expense is accrued to all employees as entitlement to these payments is earned in accordance with the Region's benefit plans for vacation, sick leave and retirement allowances.

Pre-retirement costs

Commencing April 1, 2000, the Region prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Region has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

i) have ten years service and have reached the age of 55 or

ii) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

The Region has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the retirement entitlement is recoverable from the Province of Manitoba on an out-of-globe basis in the year of payment. The significant actuarial assumptions used in measuring the Region's accrual for pre-retirement costs include a discount rate of 6.5% and a rate of salary increase of 4% plus age related merit/promotion scale with nil for disability. The cumulative effect of adopting the new recommendations was to increase deferred charge pre-retirement costs and accrued pre-retirement costs by $2,039,987.

2. Summary of significant accounting policies (continued)

Deferred charge vacation and pre-retirement costs

Funding for vacation pay and pre-retirement costs is provided by the Province of Manitoba in the period in which expenditures are made. Accordingly, the cost of the estimated accrued vacation pay and pre-retirement costs at year-end is deferred to enable an appropriate matching of expenses with revenue secured in subsequent years.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates

In preparing the Region's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

3. Due from Manitoba Health

	2001	2000
Commitments	$ 1,774,875	$ 503,571
Prior years' adjustments	(103,835)	(296,028)
2000/2001 out-of-globe adjustments and advances	138,213	215,719
	$ 1,809,253	$ 423,262

4. Capital assets

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Land (Note 13)	$ 185,518	$	$ 185,518	$ 185,518
Land improvements	370,102	326,014	44,088	62,847
Building	43,885,352	17,258,977	26,626,375	26,677,654
Ambulances	1,163,260	983,746	179,514	328,764
Equipment	9,634,169	6,581,146	3,053,023	3,066,147
Construction in progress	1,234,399		1,234,399	1,748,358
	$ 56,472,800	$ 25,149,883	$ 31,322,917	$ 32,069,288

5. Due to Betel Heritage Foundation Inc.

The amount payable to Betel Heritage Foundation Inc. is non-interest bearing with no specified terms of repayments.

6. Long-term debt

	2001	2000
Debentures payable The debentures bear an interest rate of 13 5/8% per annum, payable semi-annually, with principal payable in annual installments of $248,500. The debentures' maturity dates vary from the year 2001 to 2004.	$ 582,400	$ 898,500
Mortgages payable The mortgages bear interest at rates varying form 5.375% to 10.375% per annum and are secured by mortgages on the Region's land and buildings. The mortgages' maturity dates vary from the year 2001 to 2029.	3,572,903	3,710,790
Bank loans The debt servicing and construction loans bear interest at the prime rate less ½% per annum and are secured by an assignment of fire insurance, a letter of comfort from Manitoba Health or an assignment of terms deposits. The loans' maturity dates vary from 2005 to 2024.	12,120,884	11,191,754
	16,276,187	15,801,044
Less: current portion	1,286,846	1,170,000
	$ 14,989,341	$ 14,631,044

Principal payments in each of the next five years are due as follows:

2002	$ 1,286,846
2003	1,159,335
2004	1,169,696
2005	1,180,779
2006	1,041,185

7. Deferred contributions

Expenditures of future periods	2001	2000
Balance, beginning of year	$ 1,587,743	$ 1,471,196
Add: Donations and grants received	657,256	492,133
Funding for reserve for major repairs	26,965	26,965
Less: Expenditures	(543,891)	(402,551)
Adjustments to Foundations and net assets	(5,464)	
Balance, end of year	$ 1,722,609	$ 1,587,743
Capital assets		
Balance, beginning of year	$ 13,700,350	$ 14,131,290
Add: Additional contributions allocated	2,328,153	1,994,757
Less: Amounts amortized to revenue	(2,104,701)	(2,088,553)
Capital assets purchased from unspent contributions	(543,101)	(337,144)
Balance, end of year	$ 13,380,701	$ 13,700,350
Total deferred contributions	$ 15,103,310	$ 15,288,093

Deferred contributions related to expenditures of future periods represent unexpended donations received, which are externally restricted for the purposes of major repairs and unexpended grants for the purchase of capital assets.

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants expended for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

8. Investment in capital assets

Investment in capital assets is calculated as follows:

	2001	2000
Property and equipment	$ 31,322,917	$ 32,069,288
Amounts financed by:		
Deferred contributions - purchased capital assets	(13,380,701)	(13,700,350)
Long-term debt	(16,276,187)	(15,801,044)
	$ 1,666,029	$ 2,567,894

9. Supplemental cash flow information

	2001	2000
Change in non-cash operating working capital		
Accounts receivable	$ 354,389	$ 145,231
Due from Manitoba Health	(1,385,991)	402,790
Inventories	(151,002)	(50,382)
Prepaid expenses	(273,697)	1,677
Deferred charge vacation and pre-retirement costs	(2,483,101)	(59,525)
Accounts payable and accrued liabilities	(104,219)	(94,393)
Accrued vacation and pre-retirement pay	2,483,101	59,525
	$ (1,560,520)	$ 404,923

10. Fair value of financial instruments

The carrying amount of short-term financial assets and liabilities is a reasonable estimate of the fair values because of the short maturity of those instruments. Short-term financial assets are comprised of cash and cash equivalents and accounts receivable. Short-term financial liabilities are comprised of accounts payable and accrued liabilities.

11. Commitments and contingencies

The nature of the Region's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2001, management believes the Region has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Region's financial position.

A group of Health Corporations including Interlake Regional Health Authority Inc., have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2001.

12. Pension plan

Many of the employees of the Region are members of the Health Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with 5% to 6.6% of base salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to match employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at January 1, 2001 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Region on behalf of its employees amount to $1,017,976 (December 31, 1999, $1,086,941) and are included in the consolidated statement of operations.

13. Capital assets - land

The title and ownership of the land on which the Stonewall Health Centre was constructed is jointly held by the four sponsors for the facility, namely:

Town of Stonewall
R. M. of Rosser
R. M. of Woodlands
R. M. of Rockwood

The process of having the title transferred has been initiated but not finalized as of the date our audit.

14. Comparative figures

Adjustments have been processed which have increased opening net assets by $223,225 in total. As part of this change, the opening investment in capital assets has been increased by $994,409, internally restricted net assets reduced by $3,249, and unrestricted net assets reduced by $767,935.

The investment in capital assets has increased by $994,409 resulting from the restatement of the prior years' balances to reflect the reclassification of unexpended deferred contributions, from deferred capital contributions related to capital assets, to deferred contributions relating to expenditures of future periods.

Internally restricted net assets have changed by $3,249 to reflect a correction of an inter-fund transfer relating to a prior year.

The decrease in opening unrestricted net assets reflects an offsetting adjustment with respect the change in investment in capital assets, and internally restricted net assets, as well as an adjustment to deferred contributions relating to a transfer of funds to the Westshore Foundation in the amount of $223,125 reported incorrectly in a prior year.

In addition, certain of the 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001.

15. Revenue - Manitoba Health

	2001	2000
Per rate recommendation	$ 54,424,411	$ 52,757,645
Equipment allocation	(380,364)	(340,100)
Principal funding	(1,151,244)	(1,076,227)
Reserve for major repairs funding	(26,976)	(26,965)
	52,865,827	51,314,353
Additional program funding received during year	127,181	83,954
Baby First and WIN	99,552	143,305
Safety and renovations	479,739	378,533
Year 2000 income		1,503,525
Payment of out-of-globe items and adjustments	983,621	215,719
MGEU contract settlement April 1, 1999 to March 31, 2001	833,142	
Flood relief	6,198	
	$ 55,395,260	$ 53,639,389

MNP
MEYERS NORRIS PENNY LLP

To the Board of Directors
Marquette Regional Health Authority

AUDITORS' REPORT

We have audited the statement of financial position of Marquette Regional Health Authority as at March 31, 2001 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Marquette Regional Health Authority as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brandon, Manitoba
June 7, 2001

Meyers Norris Penny LLP
Chartered Accountants

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2001

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and investments	828,511	376,353
Accounts receivable	3,156,857	2,351,984
Inventory	800,836	796,146
Prepaid expenses	233,519	216,856
Deferred vacation expenses	2,293,169	2,255,868
	7,312,892	5,997,207
DEFERRED SEVERANCE EXPENSES	3,298,504	-
CAPITAL ASSETS (Note 3)	37,856,267	33,110,014
	48,467,663	39,107,221
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	3,174,172	3,031,627
Accrued vacation payable	2,293,169	2,255,868
Current portion of long-term debt (Note 4)	1,140,507	552,553
	6,607,848	5,840,048
ACCRUED SEVERANCE PAYABLE	3,298,504	-
LONG-TERM DEBT (Note 4)	17,471,236	8,322,181
DEFERRED CONTRIBUTIONS (Note 5)	21,299,540	26,100,751
	48,677,128	40,262,980
NET ASSETS		
Invested in capital assets	1,249,892	1,326,055
Internally restricted	60,729	40,000
Externally restricted	25,223	19,730
Unrestricted (deficit)	(1,545,309)	(2,541,544)
	(209,465)	(1,155,759)
	48,467,663	39,107,221

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MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2001

	Invested in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2001 Total	2000 Total
Balance, beginning of year	1,326,055	40,000	19,730	(2,541,544)	(1,155,759)	(23,324)
Excess (deficiency) of revenue over expenses			50,995	-	50,995	(1,140,872)
Current year contributions		20,729			20,729	40,000
Year end settlements - prior years'				920,072	920,072	-
Amortization	(76,163)			76,163	-	-
Transfer to MHRC			(45,502)		(45,502)	(31,563)
Balance, end of year	1,249,892	60,729	25,223	(1,545,309)	(209,465)	(1,155,759)

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
REVENUE		
Manitoba Health	44,813,767	39,164,231
Other government departments	323,422	213,717
Non-insured	5,296,460	5,093,530
Other	1,198,986	1,340,836
Amortization of deferred contributions	1,960,670	1,879,215
Ancillary operations	582,896	557,974
	54,176,201	48,249,503
EXPENSES		
Acute care services	15,789,964	14,914,199
Long-term care services	18,026,080	16,266,028
Medical remuneration	4,551,130	4,263,276
Diagnostic services	2,489,856	2,042,699
Community therapy services	360,511	346,835
Home care	4,091,464	3,803,480
Community based health services	2,790,153	2,406,219
Land ambulance services	1,113,774	1,015,271
RHA administration	1,859,879	1,573,941
Amortization of capital assets	1,864,538	1,847,506
Interest on long-term debt	655,956	370,090
Ancillary operations	531,901	540,831
	54,125,206	49,390,375
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	50,995	(1,140,872)
ALLOCATED		
Externally restricted	50,995	17,143
Unrestricted	-	(1,158,015)
	50,995	(1,140,872)

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess (deficiency) of revenue over expenses	50,995	(1,140,872)
Amortization of capital assets	1,932,229	1,912,359
Amortization of deferred contributions	(1,960,670)	(1,879,215)
Net change in non-cash working capital (Note 6)	(683,681)	(317,819)
	(661,127)	(1,425,547)
INVESTING		
Purchase of capital assets	(6,678,481)	(8,170,175)
Increase (decrease) in deferred contributions	(2,840,541)	7,667,449
Increase in net assets	895,299	11,278
	(8,623,723)	(491,448)
FINANCING		
Advances on long-term debt	11,142,545	136,545
Repayment of long-term debt	(1,405,537)	(557,346)
	9,737,008	(420,801)
INCREASE (DECREASE) IN CASH RESOURCES	452,158	(2,337,796)
CASH RESOURCES, BEGINNING OF YEAR	376,353	2,714,149
CASH RESOURCES, END OF YEAR	828,511	376,353

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. PURPOSE OF THE ORGANIZATION

The Health Authority is responsible for the planning, coordinating and providing of health services within the geographic area known as the Marquette Region of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

REVENUE RECOGNITION

The Health Authority follows the deferral method of accounting for contributions including government grants and donations.

The Health Authority is funded primarily through grants from Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. In accordance with funding arrangements with Manitoba Health, estimated final settlements are accrued in the fiscal period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Where a grant or other restricted contribution is received but relates to expenses of one or more future periods, it is deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions restricted for the purchase of capital assets or to repay a mortgage as a lump sum are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Amortization of capital assets is provided based on the Health Authority's estimate of useful lives of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

CAPITAL ASSETS

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	2% to 10%
Buildings	2% to 5%
Automotive and other equipment	10% to 20%

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORY

Inventory consists of general stores, pharmacy, linen and other. All inventories are valued at cost on the first-in, first-out basis.

INVESTMENTS

Investments are recorded at the lower of cost or net realizable value.

EXTERNALLY RESTRICTED ASSETS

The externally restricted net assets are to be held and used for elderly persons housing. These externally restricted amounts are not available for other purposes.

DEFERRED VACATION AND SEVERANCE EXPENSES

Certain accrued employee benefit costs, including vacation pay and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to disclose the amount of both the accrued liability of these costs and the related amount receivable from Manitoba Health separately in the statement of financial position. Neither the change of the accrued liability or the related receivable is recorded in the statement of operations.

CONSOLIDATED ENTITIES

The following entities have been consolidated into these financial statements as at March 31, 2001 and March 31, 2000 respectively.

Hamiota District Health Centre Inc. Lilac Residence (East Wing)
Hamiota District Health Centre Inc. Lilac Residence (North Wing)
Morley House of Shoal Lake Elderly Persons Housing
Morley House of Shoal Lake Lakeshore Lodge
Pioneer Lodge Inc.
Riverdale Personal Care Home Inc. Westwood Lodge

The financial statements of the above entities are prepared in accordance with the accounting principles followed by the Marquette Regional Health Authority.

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

3. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	261,580	-	261,580	261,580
Land improvements	745,159	416,996	328,163	349,964
Buildings	30,301,341	11,350,391	18,950,950	18,461,740
Automotive and other equipment	9,057,301	5,461,150	3,596,151	3,860,314
Fully amortized assets	11,285,762	11,285,762	-	-
Construction in progress	12,716,745	-	12,716,745	8,106,047
Elderly persons housing land improvements, buildings and equipment	3,042,136	1,039,458	2,002,678	2,070,369
	67,410,024	29,553,757	37,856,267	33,110,014

4. LONG - TERM DEBT

Title of Issue	Interest Rate	Repayment Terms	2001	2000
Birtle Health Services District				
Canada Mortgage & Housing Corporation - Mortgage	9.625%	$2,571 per month including interest	325,028	327,252
Carberry Plains District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	8.00%	$1,730 per month including interest	222,882	225,971
Carberry Plains District Health Foundation	0.00%	$15,000 per year	-	7,500
Hamiota District Health Centre				
Royal Bank - Flex Finance Bankers' Acceptance	Variable	$36,000 per year plus interest	213,000	220,000
Royal Bank - Flex Finance Bankers' Acceptance	Variable	$13,380 per year plus interest	65,000	77,000
Royal Bank - Flex Finance Bankers' Acceptance	Variable	$21,240 per year plus interest	23,000	71,000
Royal Bank - Loan - Renovation	Prime		(23,878)	(20,258)
Canada Mortgage & Housing Corporation - Mortgage	6.25%	$6,515 per month including interest	750,667	779,121

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Repayment Terms	2001	2000
Marquette Regional Health Authority				
Royal Bank - Loan - Minnedosa PCH Fire Alarm System Upgrade	Prime	$8,100 per year plus interest	13,778	21,878
Royal Bank - Loan - Minnedosa PCH Roof Repair	Prime	$8,640 per year plus interest	15,535	24,175
Royal Bank - Specialized Equipment Loan 1999/2000	Variable		157,006	195,946
Royal Bank - Specialized Equipment Loan 2000/2001	Variable		163,931	-
Bank Loan - Carberry Hospital	Variable		(148,335)	(14,327)
Bank of Montreal - Carberry Hospital Flex Financing	Variable		6,000,000	-
Bank Loan - Shoal Lake Hospital	Variable		(221,515)	(20,094)
Bank of Montreal - Shoal Lake Hospital Flex Financing	Variable		4,500,000	-
Minnedosa Health District				
Canada Mortgage & Housing Corporation - Mortgage	8.00%	$3,109 per month including interest	404,707	409,942
Neepawa District Memorial Hospital				
Royal Bank - Flex Finance Bankers' Acceptance	Variable	$9,000 per month plus interest	477,000	576,000
Royal Bank - Loan - Renovation	Prime		(622)	8,378
Neepawa and District Elderly and Infirm Persons Housing Corporation Inc				
Canada Mortgage & Housing Corporation - Mortgage	5.75%	$1,876 per month including interest	239,283	247,936
Royal Bank - Flex Finance Bankers' Acceptance	Variable	$10,400 per month plus interest	986,000	1,101,000
Royal Bank - Loan - Renovation	Prime		(22,363)	(12,563)

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Repayment Terms	2001	2000
Riverdale District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	5.43%	$3,307 per month including interest	421,159	437,740
Rossburn District Health Centre				
Province of Manitoba - Debenture	13.375%	$40,000 per year plus interest	75,000	115,000
Province of Manitoba - Debenture	13.375%	$16,800 per year plus interest	67,200	84,000
Canada Mortgage & Housing Corporation - Mortgage	6.44%	$5,883 per month including interest	709,098	735,625
Russell District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	7.25%	$2,083 per month including interest	274,683	279,855
Sandy Lake Medical Nursing Home Inc.				
Canada Mortgage & Housing Corporation - Mortgage	7.875%	$2,303 per month including interest	297,859	302,233
Shoal Lake Strathclair Health Centre				
Province of Manitoba - Debenture	13.375%	$10,800 per year plus interest	26,400	37,200
Canada Mortgage & Housing Corporation - Mortgage	7.875%	$2,638 per year including interest	340,329	345,403
Pioneer Lodge Inc				
Canada Mortgage & Housing Corporation - Mortgage	6.00%	$986 per month including interest	126,555	130,751

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Repayment Terms	2001	2000
Hamiota District Health Centre Inc - Lilac Residence (East Wing)				
Royal Bank of Canada Mortgage	Prime	$3,252 per month including interest	374,678	388,878
Hamiota District Health Centre Inc - Lilac Residence (North Wing)				
Manitoba Housing & Renewal Corporation - Mortgage	7.75%	$5,478 per month including interest	708,581	719,786
Morley House of Shoal Lake - Lakeshore Lodge				
Co-operative Trust Mortgage	7.27%	$2,934 per month including interest	325,302	336,767
Co-operative Trust Mortgage	7.27%	$165 per month including interest	18,344	18,990
Morley House of Shoal Lake EPH				
Canada Mortgage & Housing Corporation - Mortgage	5.375%	$396 per month including interest	49,168	51,241
Riverdale Personal Care Home Inc - Westwood Lodge				
Manitoba Housing & Renewal Corporation - Mortgage	10.75%	$6,478 per month including interest	657,283	665,408
			18,611,743	8,874,734
Less: Current Portion			1,140,507	552,553
			17,471,236	8,322,181

Estimated principal payments in the next five years:

2002	1,140,507
2003	1,142,853
2004	1,101,084
2005	1,100,682
2006	943,459

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MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

5. DEFERRED CONTRIBUTIONS

EXPENSES OF FUTURE PERIODS

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment, major repairs, construction and other expenses.

	2001	2000
Balance, beginning of year	2,745,867	3,568,786
Current year contributions	1,846,086	1,401,595
Amount recognized as revenue	(168,772)	(96,435)
Capital assets purchased	(684,127)	(1,477,110)
Capital loan payments	(786,584)	(495,687)
Adjustments	82,831	2,688
Transfers	(7,500)	(32)
Transfers to others	-	(157,938)
Balance, end of year	3,027,801	2,745,867

CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets and the lump sum repayment of capital debt. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2001	2000
Balance, beginning of year	23,354,884	16,743,731
Adjustments	(12,403)	-
Capital loan payments	1,401,341	489,558
Capital assets purchased	6,423,515	7,921,443
Capital loan advanced	(11,111,200)	
Transfers	7,500	(17,067)
Amount amortized to revenue	(1,791,898)	(1,782,781)
Balance, end of year	18,271,739	23,354,884
Total Deferred Contributions	21,299,540	26,100,751

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MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

6. NET CHANGE IN NON-CASH WORKING CAPITAL

	2001	2000
Decrease (increase) in accounts receivable	(804,873)	(1,468,925)
Decrease (increase) in inventory	(4,690)	(26,221)
Decrease (increase) in prepaid expenses	(16,663)	89,596
Decrease (increase) in deferred expenses	(37,301)	(293,004)
Increase (decrease) in accounts payable	142,545	1,087,731
Increase (decrease) in vacation payable	37,301	293,004
	(683,681)	(317,819)

7. FINANCIAL INSTRUMENTS

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Board's receivables are from Manitoba Health and other agencies. Therefore, the credit risk is felt to be minimal.

c) Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- The carrying amounts of these financial instruments approximate fair value.
  - cash and short term investments
  - accounts receivable
  - accounts payable
  - accrued vacation and severance payable
  - long-term debt
- For investments, the fair value is considered to approximate the recorded cost values.

8. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform to the current year's presentation.

KENDALL WALL PANDYA

Chartered Accountants

76 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957

Partners .... David Kendall, FCA
Robert Wall, CA
Manisha Pandya, CA

AUDITOR'S REPORT

To the Chairperson and Board of Directors

We have audited the statement of financial position of NOR-MAN Regional Health Authority Inc. as at March 31, 2001 and the Statements of Operations, Net Assets, Deferred Contributions, and Cash Flow for the year then ended. These financial statements are the responsibility of the Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the NOR-MAN Regional Health Authority Inc. as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Kendall Wall Pandya
Chartered Accountants

Flin Flon, MB
June 25, 2001

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2001

ASSETS

	Notes	2001	2000
CURRENT ASSETS			
Cash		$ -	$ 441,339
Accounts receivable	5	2,115,599	1,702,327
Inventories	4d	377,777	426,983
Prepaid expense		55,474	51,125
Deferred charges	4f	4,119,771	5,711,156
CAPITAL ASSETS (Schedule 1)		30,038,108	18,188,818
		$36,706,729	$26,521,748

LIABILITIES

	Notes	2001	2000
CURRENT LIABILITIES			
Bank Indebtedness		$ 635,227	$ -
Accounts payable		3,355,124	657,673
Accrued Benefit Entitlements	4f	4,119,771	5,711,156
Current portion of long-term debt	9	414,301	212,030
LONG-TERM DEBT	9	18,489,104	7,732,298
DEFERRED CONTRIBUTIONS	6		
Expenses of future periods		1,484,702	1,222,558
Capital assets		10,095,857	10,257,683
NET ASSETS			
Invested in capital assets	7	359,062	363,870
Internally restricted	8	53,986	52,860
Unrestricted		(2,300,405)	311,620
		$36,706,729	$26,521,748

Approved by the Board:

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2001

	2001	2000
REVENUE		
Manitoba Health operating income	$35,655,397	$31,823,183
Manitoba Health year end adjustments	1,806,421	(240,249)
Non-insured income	4,639,941	4,871,400
Other income	2,652,576	2,703,731
Amortization of deferred contributions	1,027,145	687,689
Ancillary revenue	1,111,101	1,649,238
	46,892,581	41,494,992
EXPENSES		
Acute care	23,240,019	20,740,018
Long-term care	5,161,004	4,743,148
Medical remuneration	4,709,800	3,566,662
Community based therapy	346,559	280,829
Community services administration	389,569	385,892
Community based mental health	717,472	821,310
Community based home care	3,899,977	3,387,933
Community based health	2,346,600	1,421,599
Land ambulance	226,376	201,043
Regional health authority costs	2,288,167	1,777,027
Amortization of capital assets	1,027,145	687,689
Interest on long-term debt	190,983	99,276
Other - Northern Patient Transportation	3,498,659	3,156,115
Other - Rosaire House Addictions Centre	575,365	514,822
Ancillary expenses	886,911	1,157,606
	49,504,606	42,940,969
EXCESS OF REVENUE OVER EXPENDITURES	$(2,612,025)	$(1,445,977)

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2001

	Net Assets		
	Invested In Capital Assets	Internally Restricted	Unrestricted
Balance, beginning of year	$ 363,870	$ 52,860	$ 311,620
Surplus (deficit) from operations			(2,612,025)
Amortization - Unapproved Asset	(4,808)		
Interest Revenue - Sherry Grey Trust Fund		1,968	
Revenue - St. Paul's Resident Trust Fund		3,736	
Expenditures - St. Paul's Resident Trust Fund		(4,578)	
	$ 359,062	$ 53,986	$(2,300,405)

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2001

	Deferred Contributions			
	Reserve for Major Repairs	Donations	Capital	Grant Reserves
Balance, beginning of year	$ 210,930	$ 626,400	$10,257,683	$ 385,228
MB Health Funding				
Basic Equipment			166,200	
Psych Unit Funding Receivable			208,044	
Principal on Approved Debt			133,685	
Amortization of Capital Assets			(1,027,145)	
Sundry Proceeds/Adjustments	199			5,680
Donation Income - Donations		126,516		
- Interest		59,858		
Donation Expenditures		(7,135)		
Donated Equipment		(40,503)	40,503	
Donation Funds Transferred to The Pas Foundation - Psych Unit Contingency			170,292	
Net Revenue Deferred to 2001/2002				100,912
Land Ambulance Grant Funding				226,376
Ambulance Grants Paid				(163,737)
Provision for Major Repairs				
- FFPCH	5,153			
- TPHC 02 Concentrator	11,364			
- TPHC Replacement Rsv	11,364			
- St. Paul Replacement Rsv	3,000			
FFPCH Repairs	(9,839)			
02 Concentrator Repairs	(67,065)			
Computer Replacement Allocation			118,236	
Amortization - Unapproved Asset			4,808	
Interest Revenue - Construction Accounts			23,551	
	$ 165,106	$ 765,136	$10,095,857	$ 554,459

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF CASH FLOW

AS AT MARCH 31, 2001

	2001	2000
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Surplus (deficit) for the year	$(2,612,025)	$(1,445,977)
Items not involving cash		
Amortization of capital assets	1,027,145	687,689
Amortization of deferred contributions	(1,027,145)	(687,689)
Amortization of computer assets	118,236	92,418
Change in non-cash working capital	2,531,306	(952,245)
Change in restricted net assets	1,126	2,304
Funding allocations (Manitoba Health):		
Basic equipment	166,200	204,567
Specialized equipment		290,246
Psychiatric unit	208,044	26,798
Principal on approved debt	133,685	328,883
Building Purchase - Northern Lights Manor		448,651
Year 2000 expenditures funded by Province		745,645
Net increase in deferred contributions		
Reserve for major repairs	(45,824)	(19,696)
Grants	169,231	77,466
Donations fund	138,738	170,637
Capital Assets	234,346	
FINANCING AND INVESTMENT ACTIVITIES		
Purchase of capital assets	(5,331,529)	(1,902,605)
Construction in progress expenditures	(7,544,905)	(6,738,954)
Increase (reduction) of long-term debt	10,756,806	6,118,569
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(1,076,565)	(2,553,293)
CASH AND SHORT TERM INVESTMENTS:		
Beginning of year	441,338	2,994,632
END OF YEAR	$ (635,227)	$ 441,339

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

NOTES TO FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2001

1. NATURE AND PURPOSE OF THE ORGANIZATION

NOR-MAN Regional Healthy Authority Inc. (the "Authority") is a corporation without share capital continued under The Regional Health Authorities and Consequential Amendments Act, Statues of Manitoba 1996 c.53. The Authority operates health care programs and services in a geographic region that extends from Grand Rapids/Grand Rapids First Nation in the southeast corner to Flin Flon in the extreme northwest part of the Region. Pukatawagan is also part of the Region. The Authority delivers its services through hospitals and other health care facilities. Hospitals are located in Flin Flon, The Pas, and Snow Lake. The Authority is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided some requirements of the Income Tax Act are met.

2. ASSUMPTION OF RESPONSIBILITY FOR FACILITIES AND OPERATING AUTHORITY

Pursuant to certain terms and conditions under various transfer agreements, the Authority took over management of facilities consisting of land and buildings together with equipment, other assets, liabilities and general operating authority as of April 1, 1997 from the following previously independently operating boards:

- The Board of Directors of the Flin Flon General Hospital, Flin Flon Personal Care Corporation and Northern Lights Manor
- The Board of Directors of The Pas Health Complex
- The Board of Directors of the Snow Lake Medical Nursing Unit
- Manitoba Health (Community Services)

3. ECONOMIC DEPENDENCE

The Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

(a) Revenue Recognition

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations, there to, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related capital assets.

Donations are recognized as direct increases in deferred contributions.

Restricted investment income is recognized as revenue in the year in which related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, Preferred Accommodation and Marketed Services is recognized when the goods are sold or the service is provided.

(b) Contributed Services

Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Investments

Investments are recorded at cost. Due to the nature of the securities being fixed income marketable securities, the cost is not adjusted for unrealized gains or losses due to the prevailing interest rates as it is the intention of the management to hold each investment to maturity.

NOTES TO FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2001

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Inventory

Medical, drugs and other supplies are valued at average invoice cost.

(e) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under the capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Improvements and betterments which extend the estimated useful life of an asset are capitalized. When a capital asset has diminished its usefulness in providing the service, its carrying amount is written down to its residual value.

The Authority has adopted the policy of amortizing its capital assets on a straight-line basis using the following annual rates:

Land improvements	2.5%
Buildings	2.5%
Building service equipment	10.0%
Major equipment	10.0%
Computer equipment and software	20.0%

No amortization is provided for construction in progress until the project is complete or until the principal retirement of related debt commences.

(f) Compensation Under Benefit Plans

Compensation expense for vacation and pre-retirement for all employees as entitlement to these payments is earned. Accrued compensation for sick leave is not reflected in these statements. Funding for vacation entitlement and other benefits is provided by Manitoba Health in the period in which the actual expense is paid. Accrued vacation pay is recorded as receivable in current assets to recognize the implicit funding receivable from Manitoba Health for vacation entitlements outstanding at the year end.

5. ACCOUNTS RECEIVABLE

	2001	2000
Ministry of Health	$1,549,814	$ 526,716
Patients, residents and third parties	319,735	298,607
Other	303,918	928,409
	2,173,467	1,753,732
Less: allowance for doubtful accounts	(57,868)	(51,405)
	$2,115,599	$1,702,327

6. DEFERRED CONTRIBUTIONS

(a) Expenses of Future Periods

(i) Reserve for Major Repairs

Deferred contributions related to reserve for major repairs represent unspent externally and/or internally restricted grants or allocations for major repairs and improvements to equipment, buildings and ambulance. Internal allocations are recorded as an expense of the current year.

(ii) Donations

These contributions are to be maintained primarily for the purchase of equipment and patient/resident activities. These amounts are not available for other purposes without approval of the Board of Directors.

(iii) Grants

Deferred contributions related to grants represent externally restricted unspent amounts of grants for purchase of ambulance and for ambulance program improvement purposes.

(b) Capital Assets

Deferred capital contributions represent the unamortized amounts of capital assets, unspent amounts of donations and grants received for purchase of capital assets. The amortization of capital contribution is recorded as revenue in the Statement of Operations.

7. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets are calculated as follows:

	2001	2000
Capital assets	$ 30,038,108	$ 18,188,818
Amounts financed by:		
Deferred contributions	(10,095,857)	(10,257,683)
Long-term debt	(18,903,405)	(7,944,328)
Inter facility - net	(679,784)	377,063
	$ 359,062	$ 363,870

8. NET ASSETS INTERNALLY RESTRICTED

This represents the following funds held in trust by the NOR-MAN Regional Healthy Authority:

(a) Sherry Gray Trust Fund
(b) St. Paul Residents Trust Fund

NOTES TO FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2001

9. LONG-TERM DEBT

	2001	2000
St. Anthony's General Hospital, 15 ¼%, Province of Manitoba debenture, payable $38,000 per annum	$ -	$ 21,000
Bank loans, Unisys and renovation projects, Royal Bank prime, no fixed terms of repayment	-	78,013
Flin Flon General Hospital, 15 ¼%, Province of Manitoba debenture, payable $65,000 per annum	-	55,000
Bank Loan, Specialized Equipment P + ½%, Royal Bank, guaranteed by Province of Manitoba, payable $6,615 per month, maturing year 2006	337,465	-
Canada Mortgage and Housing, 5.62%, Personal Care Home Mortgage, payable at $5,486 per month principal and interest, renewable year 2001	669,792	695,752
Diagnostic and Personal Care Home, P + ½%, Royal Bank, guaranteed by the Province of Manitoba, payable $4,167 per month, maturing year 2023	653,297	668,136
Asbestos Abatement and Hot Water Heater, P + ½ %, Royal Bank, guaranteed by Province of Manitoba, payable $1,490 per month, maturing year 2002	19,342	37,222
Fire Safety Upgrade Flin Flon General Hospital, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	3,757,883	2,363,742
Northern Lights Manor Renovations, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	5,856,208	2,110,347
St. Paul's Construction Project, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	7,609,418	1,915,116
	18,903,405	7,944,328
Less: current portion	414,301	212,030
	$18,489,104	$7,732,298

10. STATEMENT PRESENTATION

Prior year figures have been restated for comparative purposes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

Schedule 1

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

AS AT MARCH 31, 2001

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
SNOW LAKE MEDICAL NURSING UNIT				
Land improvements	$ 41,394	$ 18,923	$ 41,394	$ 17,740
Building	931,811	498,400	931,811	472,805
Ambulance garage	23,831	12,511	23,831	11,916
Equipment	101,876	58,445	322,041	271,681
	1,098,912	583,279	1,319,077	774,142
NORTHERN LIGHTS MANOR - FLIN FLON				
Land and building	448,651	22,433	448,651	-
Construction in progress	5,671,355	-	2,012,945	-
Equipment	24,422	15,636	36,916	25,688
	6,144,428	38,069	2,498,512	25,688
REGIONAL HEALTH AUTHORITY OFFICE				
Equipment	1,568,016	323,666	971,099	124,220
FLIN FLON GENERAL HOSPITAL				
Land	6,001	-	6,001	-
Land improvements	70,577	43,758	70,577	42,346
Building	6,332,862	1,543,428	2,392,304	1,363,268
Ambulance garage	83,131	27,018	83,131	24,939
Equipment	2,104,516	1,119,257	1,951,930	1,067,370
Construction in progress	639,974	-	2,934,062	-
Donation assets	8,439	7,611	8,439	6,402
Housing	232,911	-	232,911	-
Ambulance program assets	217,082	-	217,082	-
	9,695,493	2,741,072	7,896,437	2,504,325
FLIN FLON PERSONAL CARE HOME				
Land	115,257	-	115,257	-
Building	1,936,770	1,065,223	1,936,770	1,016,804
Equipment	41,278	22,464	26,334	16,559
Construction in progress	32,665	-	35,165	-
	2,125,970	1,087,687	2,113,526	1,033,363

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

Schedule 1
(Continued)

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

AS AT MARCH 31, 2001

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
ST. ANTHONY'S HOSPITAL - THE PAS				
Land	$ 93,576	$ -	$ 93,576	$ -
Land improvements	272,254	168,798	272,254	163,353
Buildings	3,775,014	2,439,841	3,775,014	2,371,428
Equipment	6,382,631	5,342,362	5,940,903	5,152,994
Construction in progress	3,676,925	-	3,188,144	-
Ancillary operations assets	14,838	14,838	36,221	36,221
Housing	-	-	-	-
	14,215,238	7,965,839	13,306,112	7,723,996
ST. PAUL'S RESIDENCE - THE PAS				
Buildings	1,184,045	876,193	1,184,045	852,513
Equipment	57,478	40,085	85,928	62,787
Construction in progress	7,609,418	-	1,915,116	-
	8,850,941	916,278	3,185,089	915,300
	$43,698,998	$13,660,890	$31,289,852	$13,101,034
Net Book Value	$30,038,108		$18,188,818	

See accompanying notes.

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Deloitte & Touche

AUDITORS' REPORT

To the Directors of
North Eastman Health Association Inc.

We have audited the statement of financial position of North Eastman Health Association Inc. as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
June 8, 2001

**Deloitte
Touche
Tohmatsu**

NORTH EASTMAN HEALTH ASSOCIATION, INC.
Statement of Financial Position
March 31, 2001

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$ 2,077,649	$ 3,441,791
Accounts receivable (Note 3)	2,151,181	1,062,616
Inventories	356,982	293,061
Prepaid expenses	15,040	35,348
	4,600,852	4,832,816
Deferred charges	2,293,462	1,194,471
Capital assets (Note 4)	33,242,392	23,018,327
	$ 40,136,706	$ 29,045,614
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 1,088,181	$ 1,129,401
Accrued liabilities	3,007,516	1,747,331
Current portion of long term debt (Note 5)	1,421,406	1,034,177
	5,517,103	3,910,909
LONG TERM DEBT (Note 5)	22,589,012	13,785,039
	28,106,115	17,695,948
DEFERRED CONTRIBUTIONS (Note 6)		
Expenses of future periods	669,463	522,938
Capital assets	8,085,773	7,169,521
	8,755,236	7,692,459
Commitments and contingencies (Note 8)		
NET ASSETS		
Invested in capital assets (Note 7)	1,176,892	2,016,840
Externally restricted	507,707	597,603
Unrestricted	1,590,756	1,042,764
	3,275,355	3,657,207
	$ 40,136,706	$ 29,045,614

APPROVED BY THE BOARD:

.... Director

L. Kolton .... Director

NORTH EASTMAN HEALTH ASSOCIATION INC.

Statement of Operations

Year Ended March 31, 2001

	2001	2000
REVENUE		
Manitoba Health Income	$ 24,205,707	$ 20,772,971
Non-insured income	2,167,679	1,856,709
Offset income	896,355	868,895
Amortization of deferred contributions	1,020,427	1,072,944
Year 2000 income	-	923,919
Ancillary income	234,111	262,900
	28,524,279	25,758,338
EXPENSES		
Acute Care - Institutional based	6,680,658	6,587,570
Long Term Care - Institutional based	8,194,534	6,902,366
Long Term Care - Home based	4,039,410	3,668,964
Health Promotion/Prevention and Primary Care	3,217,581	2,705,302
Regional Health Authority	1,537,764	1,137,803
Lab and Imaging Services	1,191,842	911,026
Northern Patient Transportation Program	142,150	68,339
Land Ambulance Program	671,124	518,421
Dialysis	193,555	177,663
Medical remuneration	1,364,756	1,080,350
Interest	943,514	494,668
Depreciation	1,043,475	1,071,344
Year 2000 expenditure	-	923,919
Ancillary operations operating expenses	205,879	220,430
Ancillary operating depreciation	51,264	42,311
	29,477,506	26,510,476
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE INTEREST AND OTHER	(953,227)	(752,138)
Interest income	122,842	133,441
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	(830,385)	(618,697)
Manitoba Health funding - deficits	784,305	303,733
DEFICIENCY OF REVENUE OVER EXPENSES	$ (46,080)	$ (314,964)

NORTH EASTMAN HEALTH ASSOCIATION INC.
Statement of Changes in Net Assets
Year Ended March 31, 2001

	2001				2000
	Invested in Capital Assets	Externally Restricted	Unrestricted	Total	Total
Balance, beginning of year	$ 2,016,840	$ 597,603	$ 1,042,764	$ 3,657,207	$ 3,867,091
Return to Foundation	-	-	-	-	(34,687)
Transfer to deferred contributions (Note 10)	(808,306)	-	472,534	(335,772)	-
Purchase of capital assets from externally restricted funds	43,894	(43,894)	-	-	(22,233)
Transfer to unrestricted net assets	-	(46,002)	46,002	-	-
Donation of land	-	-	-	-	162,000
Excess (deficiency) of revenue over expenses	(75,536)	-	29,456	(46,080)	(314,964)
BALANCE, END OF YEAR	$ 1,176,892	$ 507,707	$ 1,590,756	$ 3,275,355	$ 3,657,207

NORTH EASTMAN HEALTH ASSOCIATION, INC.
Statement of Cash Flows
Year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ (46,080)	$ (314,964)
Items not affecting cash		
Amortization of deferred contributions relating to capital assets	(1,019,201)	(1,072,944)
Depreciation	1,094,739	1,113,655
	29,458	(274,253)
Changes in non-cash working capital items	(1,012,205)	(211,984)
Net increase in deferred contributions related to expenses of future periods	146,525	84,375
	(836,222)	(401,862)
FINANCING ACTIVITIES		
Proceeds of loans	10,208,157	4,337,026
Repayments of loans	(1,016,955)	(728,178)
Increase in deferred contributions related to capital assets (unspent at year end - $80,238) previous year - $987,250)	1,599,681	2,996,953
Return to Foundation	-	(34,687)
	10,790,883	6,571,114
INVESTING ACTIVITIES		
Purchase of capital assets	(11,318,803)	(5,976,963)
Decrease in other assets	-	4,709
	(11,318,803)	(5,972,254)
(DECREASE) INCREASE IN CASH AND TERM DEPOSITS	(1,364,142)	196,998
CASH AND TERM DEPOSITS, BEGINNING OF YEAR	3,441,791	3,244,793
CASH AND TERM DEPOSITS, END OF YEAR	$ 2,077,649	$ 3,441,791

1. NATURE OF OPERATIONS

North Eastman Health Association Inc. ("the Region") was incorporated under the Health Authorities Act on April 1, 1997. The Region is principally involved in providing health care services to the north eastern regions of Manitoba. The Region is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the following sites:

Beausejour District Hospital
Stony Plains Terrace
Whitemouth District Health Centre
Beausejour & District Ambulance Service
Springfield Ambulance Service
Lac Du Bonnet Ambulance
Winnipeg River Handivan
East-Gate Lodge
Pine Falls Health Complex
Winnipeg River Health District
Whitemouth District Ambulance
Kin Place Health Complex
Pinawa Ambulance

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) *Revenue recognition*

The Region follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2001.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue recognition (continued)

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

b) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	5-10%
Buildings	2-5%
Leasehold Improvements	5%
Building service equipment	4-10%
Equipment (including non-shareable)	5-20%
Vehicles	8-15%
Software and licenses	20%

Construction in progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Compensated absences*

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Region's benefit plans for vacation, statutory holiday and retirement allowances.

e) *Deferred charges*

Funding for vacation entitlements and retirement entitlement obligations is provided by Manitoba Health as part of its regular budget in the period in which expenditures are made. Accordingly, the cost of the estimated accrued vacation pay and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

f) *Financial instruments*

Credit Risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Region's accounts receivable are comprised mostly of amounts due from Manitoba Health and other government organizations.

Interest Rate Risk
The carrying amount of short-term financial assets and liabilities are a reasonable estimate of the fair values because of the short maturity of those instruments. Short-term financial assets are comprised of cash and accounts receivable. Short-term financial liabilities are comprised of accounts payable and accrued liabilities.

g) *Retirement entitlement obligations*

Commencing April 1, 2000, the Association prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Association has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

i) have ten years service and have reached the age 55 or

ii) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

iii) retire at or after age 65

iv) terminate employment at any time due to permanent disability

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Retirement entitlement obligations

The Association has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the retirement entitlement is recoverable from Manitoba Health on an out-of globe basis in the year of payment. The cumulative effect of adopting the new recommendations was to increase deferred charges and accrued retirement entitlements by $1,105,276.

3. ACCOUNTS RECEIVABLE

	2001	2000
Due from Lac Du Bonnet District Health Care Foundation, Inc.	$ 9,520	$ 15,000
Due from Manitoba Health	1,660,264	609,416
Due from Canadian Customs and Revenue Agency – GST Rebate	251,041	269,691
Other	230,356	168,509
	$ 2,151,181	$ 1,062,616

4. CAPITAL ASSETS

	2001		2000	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 333,035	$ -	$ 333,035	$ -
Land improvements	369,815	265,281	369,815	255,612
Buildings	22,109,663	7,676,841	22,109,663	7,109,143
Leasehold improvements	14,399	3,371	14,399	2,651
Building service equipment	66,279	50,907	66,279	47,979
Equipment	7,501,144	6,086,577	7,267,391	5,702,816
Non-shareable equipment	722,542	624,932	722,542	587,124
Vehicles	778,539	455,859	686,273	373,986
Software and licenses	51,394	32,954	51,395	22,675
Construction in Progress	16,492,304	-	5,499,521	-
	48,439,114	15,196,722	37,120,313	14,101,986
Cost less accumulated depreciation	$ 33,242,392		$ 23,018,327	

5. LONG-TERM DEBT

	2001	2000
Bank demand loans, interest at prime rate less 5/8%, maturing at various dates to 2015 and requiring monthly principal payments of $59,530	$20,642,492	$11,364,343
Debentures payable, at interest rates of 13 3/8% maturing in 2001 and requiring annual principal payments of $15,000	15,000	30,000
CMHC Mortgages payable, at interest rates from 6.87% to 9.2% maturing at various dates to 2024 and requiring monthly principal and interest payments of $27,203	3,352,926	3,424,873
	24,010,418	14,819,216
Less current portion:		
Bank demand loans	1,317,489	928,826
Debenture payable	15,000	15,000
Mortgages payable	88,917	90,351
	1,421,406	1,034,177
	$22,589,012	$13,785,039

Principal repayments on the long-term debt are estimated as follows:

2002	$ 1,421,406
2003	1,698,327
2004	1,715,380
2005	1,732,477
2006	1,749,623
Thereafter	15,693,205

6. DEFERRED CONTRIBUTIONS

a) *Expenses of future periods*

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and other purposes.

	2001	2000
Balance, beginning of year	$ 522,938	$ 438,563
Add amount received related to future periods	321,390	146,451
Less amounts taken into income/expenditures	(49,307)	(30,389)
Less amounts transferred to deferred capital	(125,558)	(31,687)
	$ 669,463	$ 522,938

6. DEFERRED CONTRIBUTIONS (continued)

b) *Capital assets*

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2001	2000
Balance, beginning of year	$ 7,169,521	$ 5,223,279
Additional contributions received/receivable	1,599,681	2,996,953
Transfer from externally restricted net assets	-	22,233
Less amounts amortized to revenue	(1,019,201)	(1,072,944)
Transfer from net assets	335,772	-
	$ 8,085,773	$ 7,169,521

The balance of unamortized capital contributions related to capital assets consists of the following:

	2001	2000
Unamortized capital contributions used to purchase assets	$ 8,005,535	$ 6,182,271
Unspent contributions	80,238	987,250
	$ 8,085,773	$ 7,169,521

7. INVESTMENT IN CAPITAL ASSETS

a) *Investment in capital assets is calculated as follows*

	2001	2000
Capital assets	$ 33,242,392	$23,018,327
Amounts financed by:		
Deferred contributions	(8,005,535)	(6,182,271)
Long term debt	(24,010,418)	(14,819,216)
Due to operating account	(49,547)	-
	$ 1,176,892	$ 2,016,840

7. INVESTMENT IN CAPITAL ASSETS (continued)

b) *Change in net assets invested in capital assets is calculated as follows:*

	2001	2000
Excess of revenue over expenses:		
Amortization of deferred contributions related to capital assets	$ 1,019,201	$ 1,072,944
Depreciation of capital assets	(1,043,475)	(1,071,344)
Ancillary operating depreciation	(51,264)	(42,311)
	(75,538)	(40,711)
Net change in investment in capital assets:		
Donation of land	$ -	$ 162,000
Purchase of capital assets	11,318,803	5,976,962
Amounts funded by:		
Deferred contributions	(1,017,203)	(1,639,936)
Long-term debt	(10,208,157)	(4,337,026)
Transfers to deferred contributions and unrestricted net assets	(808,306)	-
Due to operating	(49,547)	-
	(764,410)	162,000
Total changes in net assets invested in capital assets	$ (839,948)	$ 121,289

8. COMMITMENTS AND CONTINGENCIES

a) The Region has entered into various operating lease commitments. The amounts payable over the next five years are as follows:

2002	$ 29,658
2003	29,658
2004	29,658
2005	29,658
2006	29,658
Thereafter	58,374

b) The nature of the Association's activities is such that there is usually litigation pending or in progress at any time. With respect to claims at March 31, 2001, management believes the Region has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Region's financial position.

c) The Association participates in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2001.

9. EMPLOYEE FUTURE BENEFITS

a) *Accrued retirement entitlement*

The Association undertook an actuarial valuation of the accrued retirement entitlements in accordance with the change in accounting (Note 2(g)). The significant actuarial assumptions adopted in measuring the Association's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.5% and a rate of salary increase of 4.0% plus age related merit/promotion scale with nil for disability.

b) *Pension Plan*

Many of the employees of the Region are members of the Health Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook section 3461.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling plus 6.6% of basic earnings in excess of the Canada Pension Plan ceiling contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2000, indicates the plan is fully funded. Actual contributions to the plan made during the year by the Region on behalf of its employees amounted to $596,583 (2000 - $533,481) and are included in the statement of operations.

10. TRANSFER TO DEFERRED CONTRIBUTIONS

During the current and prior year, certain capital costs for construction projects in progress were recorded as investments in capital assets prior to funding being received. The transfer to deferred contributions reflects the receipt of contributions to fund those assets.

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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Auditors' Report

To the Board of Directors
PARKLAND REGIONAL HEALTH AUTHORITY INC.

We have audited the consolidated balance sheet of **PARKLAND REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Parkland Regional Health Authority Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Parkland Regional Health Authority Inc. as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 15, 2001

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Balance Sheet

March 31	2001	2000
Assets		
Current Assets		
Cash and bank	$ 5,784,758	$ 7,317,744
Temporary Investments	12,058,652	10,740,237
Deferred benefit entitlement (Note 1)	3,570,164	4,426,867
Accounts receivable	1,437,485	3,347,792
Due from (to) Manitoba Health (Note 2)	3,809,051	(544,114)
Inventories	1,211,381	1,190,008
Prepaid expenses	660,762	275,471
	28,532,253	26,754,005
Long-term investments	180,152	7,157
Capital assets (Note 3)	58,140,829	62,764,698
Trust assets	37,483	26,219
Deferred benefit entitlement (Note 1)	3,891,955	-
	$ 90,782,672	$ 89,552,079
Liabilities and Net Assets		
Current Liabilities		
Lines of credit	$ 6,710,140	$ 4,913,601
Accounts payable and accrued liabilities	4,588,583	3,952,551
Deferred benefit entitlement (Note 1)	3,570,164	4,426,867
Current portion of long-term debt (Note 4)	522,238	431,575
	15,391,125	13,724,594
Long-term debt (Note 4)	27,008,933	26,013,834
Deferred benefit entitlement (Note 1)	3,891,955	-
Deferred contributions (Note 5)	36,133,968	40,768,273
Trust liabilities	37,483	26,219
	82,463,464	80,532,920
Net Assets		
Net assets invested in capital assets	2,357,642	2,995,679
Net assets internally restricted	674,659	1,145,750
Unrestricted net assets	5,286,907	4,877,730
	8,319,208	9,019,159
	$ 90,782,672	$ 89,552,079

On behalf of the Board:

_______________ Director

_______________ Director

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2001

	Invested In Capital Assets	Internally Restricted	Unrestricted	2001	2000
Balance, beginning of year	$ 2,995,679	$ 1,145,750	$ 4,877,730	$ 9,019,159	$ 7,689,621
Excess of revenue (expenses) for the year	(673,156)	(71,504)	485,738	(258,922)	1,329,538
Interfund transfers	35,119	41,442	(76,561)	-	-
Net transfers from (to) foundations	-	(441,029)	-	(441,029)	-
Balance, end of year	$ 2,357,642	$ 674,659	$ 5,286,907	$ 8,319,208	$ 9,019,159

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Operations

For the year ended March 31	2001	2000
Revenue		
Manitoba Health operating income (Note 9)	$ 68,718,061	$ 64,098,388
Patient income	6,047,385	6,164,505
Other income	2,734,257	3,972,416
	77,499,703	74,235,309
Expenses		
Acute care expenses	26,574,792	25,213,851
Long-term care services	22,466,042	21,411,678
Community - homecare assistance	8,307,554	7,491,260
Community - health services	7,067,831	6,106,324
Community - diagnostic services	3,649,988	3,196,101
Interest on long-term debt	2,967,533	2,625,218
Medical remuneration	2,538,537	2,109,972
Regional health costs (Note 8)	1,375,569	1,244,230
Year 2000 expenses	-	1,223,806
Land ambulance	847,805	759,608
Parkland Regional Hospital Laundry Ltd. expenses	741,604	748,955
Community - therapy services	554,930	527,217
Loss on demolition of building and service equipment	434,652	-
	77,526,837	72,658,220
Excess (deficiency) of revenue before amortization of deferred contributions and of capital assets	(27,134)	1,577,089
Amortization of deferred contributions	2,932,632	2,731,511
Amortization of capital assets	(3,164,420)	(2,979,062)
	(231,788)	(247,551)
Excess (deficiency) of revenue for the year	$ (258,922)	$ 1,329,538

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Cash Flows

For the year ended March 31	2001	2000
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	$ (258,922)	$ 1,329,538
Items not involving cash		
Amortization of capital assets	3,164,420	2,979,062
Amortization of deferred contributions	(2,932,632)	(2,731,511)
	(27,134)	1,577,089
Changes in non-cash working capital balances		
Trust assets	(11,264)	6,691
Temporary investments	(1,318,415)	(1,161,991)
Lines of credit	1,796,538	2,956,437
Trust liabilities	11,264	(6,691)
Accounts receivable	1,910,307	(1,024,816)
Due from Manitoba Health	(4,353,165)	-
Inventories	(21,373)	(90,429)
Prepaid expenses	(385,293)	275,955
Accounts payable	636,032	1,751,524
	(1,762,503)	4,283,769
Cash Flows from Investing and Financing Activities		
Decrease (increase) of capital assets	1,459,449	(13,708,143)
Increase of long-term investments	(172,992)	-
Decrease in net assets	(441,029)	-
Increase (decrease) in deferred contributions	(1,701,673)	10,115,614
Increase in long-term debt	1,085,762	333,962
	229,517	(3,258,567)
Increase (decrease) in cash and cash equivalents during the year	(1,532,986)	1,025,202
Cash and cash equivalents, beginning of year	7,317,744	6,292,542
Cash and cash equivalents, end of year	$ 5,784,758	$ 7,317,744

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.

Summary of Significant Accounting Policies

March 31, 2001

Nature and Purpose of Organization

The Parkland Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The Parkland Regional Health Authority Inc. is involved in the provision of health care services to persons resident in the Parkland Region.

The Parkland Regional Health Authority Inc. is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The Parkland Regional Health Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as an increase in deferred contributions when earned. Unrestricted investment income is recognized as revenue when earned.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of the Parkland Regional Health Authority Inc. All significant inter departmental transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit operations have been included in these financial statements:

Devolved Facilities:

Dauphin Regional Health Centre
Roblin District Health Centre
Gilbert Plains Health Centre
Grandview Hospital District No. 3B
Dauphin & District Ambulance Service
Roblin & District Ambulance Service
Grandview Personal Care Home
Parkland Regional Hospital Laundry Ltd.

Non-devolved Facilities:

McCreary / Alonsa Health Centre
Hopital General - Ste. Rose - General Hospital
Swan Valley Lodge (1991) Inc.
Swan River Valley Hospital
Swan River Valley Personal Care Home Inc.
Benito Health Centre
Winnipegosis-Mossey River Personal Care Home Inc.
Winnipegosis General Hospital
St. Paul's Home (Inc.)
Dr. Gendreau Personal Care Home Inc.
Swan River Hospital District No. 1

The Parkland Regional Health Authority Inc. also receives funding from independent organizations which organize fund-raising drives in various geographic areas exclusively for the use of the Parkland Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of the board of directors of the independent entities.

Financial Instruments

The Parkland Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, temporary investments, accounts payable, amounts due to (from) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the Parkland Regional Health Authority Inc. is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	20 to 40 years straight-line basis
Major equipment	4 to 20 years straight-line basis

Pension Plans

The Parkland Regional Health Authority Inc. participates in the Healthcare Employees Pension Plan (Manitoba), a plan made available to all health organizations in Manitoba.

Employee Benefits

The Parkland Regional Health Authority Inc. records liabilities for accrued employee benefits in the year in which they are earned.

Employees are entitled to compensation for unused vacation credit, unused statutory holiday time, unpaid overtime and pre-retirement leave when they leave the Parkland Regional Health Authority Inc.'s employ.

1. Deferred Benefit Entitlement

Certain accrued employee benefit costs, including vacation pay, unused statutory holiday pay, unpaid overtime and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to record the change in the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health.

The pre-retirement benefits are determined by actuarial valuation. The latest actuarial valuation of the pre-retirement value as of December 31, 2000 reports an obligation of $3,891,955. The plan is unfunded; however, the obligation is covered by Manitoba Health resulting in a nil surplus or deficit at March 31, 2001. $83,069 of benefits were paid from the plan in the current year. No contributions by the employees or employer were made during the year. The assumptions in the valuation report are as follows:

-discount rate of 2%
-expected long-term rate of return on plan assets of 6.5%
-rate of compensation increase of 4%

2 Due from Manitoba Health (Out of Globe)

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Parkland Regional Health Authority Inc. or repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Parkland Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Notes to Consolidated Financial Statements

March 31, 2001

3. Capital Assets

	2001			2000		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 586,685	$ -	$ 586,685	$ 586,685	$ -	$ 586,685
Buildings	67,668,602	22,430,237	45,238,365	68,234,243	22,412,751	45,821,492
Major equipment	21,691,856	15,773,381	5,918,475	21,150,889	14,949,097	6,201,792
Construction in progress	6,397,304	-	6,397,304	10,154,729	-	10,154,729
	$ 96,344,447	$ 38,203,618	$ 58,140,829	$100,126,546	$ 37,361,848	$ 62,764,698

4. Long-term Debt

	2001	2000
Mortgage Payable Held by the Canada Mortgage & Housing Corporation, bearing interest at a rate of 9.625% and payments of $7,044 per month including interest and principal.	$ 982,961	$ 990,091
Debenture Payable Held on behalf of Dauphin Regional Health Centre by Manitoba Health at 15.75%, due 31/08/01, repayable $2,824 principal and interest monthly.	23,000	46,000
Debenture Payable Held on behalf of Dauphin Regional Health Centre by Manitoba Health at 10.125%, due 02/08/08, repayable $216,204 principal and interest monthly. The principle portion of the payments are held in a sinking fund which is also held on behalf of Dauphin Regional Health Centre by Manitoba Health. The balance of the sinking fund as at the year end was $9,452,132 which is reflected on the balance sheet under temporary investments.	20,550,000	20,550,000
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 8.00%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayments of $2,679 principal and interest monthly.	356,417	360,350
Bank Loan Payable Held by Dauphin CIBC on behalf of the of Parkland Regional Authority - CIBC prime less 1/2%. Repayable $6,155 per month plus interest.	601,505	675,365
Debenture Payable Held on behalf of Gilbert Plains Health Centre Inc. by Manitoba Health at 11.13%, repayable $80,450 principal and interest annually.	643,600	724,050
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 8.00%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $2,245 principal and interest monthly.	291,191	295,046

4. Long-term Debt (continued)

	2001	2000
Bank Loan Payable Held by Dauphin CIBC - CIBC prime less 1/2%, repayable $2,115 principle plus interest monthly, due July 30, 2003.	59,086	84,466
Mortgage Payable Held by Canada Mortgage & Housing Corporation - 9.625%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $2,336 principal and interest monthly.	326,770	329,062
Loan Payable Held by the Royal Bank of Canada. Interest charged at the lower of Royal Bank's flex financing rate and Royal Bank prime. Repayable $3,455 principal monthly plus interest.	109,000	147,000
Debenture Payable Held on behalf of Hopital General - Ste. Rose - General Hospital by Manitoba Health at 13.63%, due 15/11/03, repayable $24,000 principal annually plus interest.	66,000	90,000
Loan Payable Repayable $555 principal and interest monthly.	-	7,047
Mortgage Payable Held by Bank of Nova Scotia at 6.19%, due 01/01/02, repayable $4,073 principal and interest monthly.	494,872	512,956
Bank Loan Held by the Dauphin Plains Credit Union 6.25%. Principal payments in amount of $478 are being made monthly plus interest. Loan to mature in 2000.	-	1,893
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 6.375%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $3,688 principal and interest monthly.	485,306	498,567
Loan Payable Held by Toronto Dominion Bank, interest at prime less .50%, repayable at $1,530 per month plus interest retroactive to September 1997.	109,978	128,338

4. Long-term Debt (continued)

	2001	2000
Loan Payable Held by Toronto Dominion Bank, repayable $5,673 per month including interest at prime less .50%, secured by equipment.	37,974	101,039
Loan Payable Held by Toronto Dominion Bank, repayable $1,275 per month including interest at prime less .50%, secured by equipment.	8,528	22,700
Loan Payable Held by the Canada Mortgage and Housing Corporation, repayable $3,124 per month including interest at 7.25%, 01/12/22.	415,827	423,539
Loan Payable Held by Toronto Dominion Bank, interest at prime less .50%. No fixed repayment terms.	142,746	164,765
Mortgage Payable Held by the Dauphin Plains Credit Union, repayable $14,105 per month plus interest at 6.25%	1,533,628	-
Mortgage Payable Held by Canada Mortgage & Housing Corporation, repayable $2,235 per month plus interest at 8.00%.	292,782	293,135
	27,531,171	26,445,409
Amount due within one year included in current liabilities	522,238	431,575
	$ 27,008,933	$ 26,013,834

Principal repayments required in each of the next five years are estimated as follows:

2001	$ 522,238
2202	391,618
2003	325,616
2004	303,185
2005	264,423
Thereafter	25,724,091
	$ 27,531,171

5. Deferred Contributions

Deferred contributions represent restricted capital funding received from Manitoba Health or donations received from other sources restricted for the purchase of depreciable capital assets.

6. Economic Dependence

The Parkland Regional Health Authority Inc. received 88% of its total revenue for the year ended March 31, 2001 from Manitoba Health.

7. Comparative Amounts

The prior year's figures have been restated to include the full consolidation of the contract facilities in order to conform with the presentation adopted for the current year.

8. Regional Health Costs

Corporate office salaries	$ 653,212
Corporate office benefits	92,861
Expenses paid on behalf of facilities	82,884
Board expenses	75,285
Medical recruitment	12,270
Nursing formal education	120,488
Other	338,569
	$ 1,375,569

9. Manitoba Health Operating Income

Budgeted items	$ 67,615,493
Current adjustments	1,766,251
Past adjustments	(1,234,070)
Non-budgeted items	570,387
	$ 68,718,061

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BDO Dunwoody LLP
Chartered Accountants
and Consultants

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Auditors' Comments on Supplementary Financial Information

To the Board of Directors of
PARKLAND REGIONAL HEALTH AUTHORITY INC.

The audited financial statements of the Parkland Regional Health Authority Inc. as at March 31, 2001 and our report thereon dated June 15, 2001 are presented in the preceding section of this annual report.

The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 15, 2001

PARKLAND REGIONAL HEALTH AUTHORITY INC.

Schedule of Consolidated Operations

For the year ended March 31 2001

	Devolved Facilities	Contract Facilities	Consolidated Total
Revenue			
Manitoba Health operating income	$ 47,750,474	$ 20,967,587	$ 68,718,061
Patient income	2,470,434	3,576,951	6,047,385
Other income	1,954,152	780,105	2,734,257
	52,175,060	25,324,643	77,499,703
Expenses			
Acute care expenses	14,810,275	11,764,517	26,574,792
Long-term care services	9,338,770	13,127,272	22,466,042
Community - homecare assistance	8,129,695	177,859	8,307,554
Community - health services	7,067,831	-	7,067,831
Community - diagnostic services	3,649,988	-	3,649,988
Interest on long-term debt	2,728,215	239,318	2,967,533
Regional health costs	1,375,569	-	1,375,569
Medical remuneration	2,187,327	351,210	2,538,537
Land ambulance	847,805	-	847,805
Parkland Regional Hospital Laundry expenses	741,604	-	741,604
Community - therapy services	554,930	-	554,930
Loss on disposal of building and service equipment	-	434,652	434,652
	51,432,009	26,094,828	77,526,837
Excess of revenue before amortization of deferred contributions and of capital assets	743,051	(770,185)	(27,134)
Amortization of deferred contributions	2,161,370	771,262	2,932,632
Amortization of capital assets	(2,221,599)	(942,821)	(3,164,420)
	(60,229)	(171,559)	(231,788)
Excess of revenue for the year	$ 682,822	$ (941,744)	$ (258,922)

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**Deloitte
& Touche**

AUDITORS' REPORT

To the Board of Directors of
Regional Health Authority - Central Manitoba Inc.

We have audited the consolidated statement of financial position of Regional Health Authority - Central Manitoba Inc. as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
July 6, 2001

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Financial Position

March 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash and short term investments	$ 10,147,448	$ 9,637,061
Accounts receivable, net	1,717,095	2,492,580
Accounts receivable - Manitoba Health (Note 3)	5,915,732	4,964,343
Inventories	1,168,459	1,071,069
Prepaid expenses	66,706	61,133
Deferred charges (Note 4)	12,285,000	6,997,118
	31,300,440	25,223,304
CAPITAL ASSETS (Note 5)	88,171,478	65,490,204
OTHER ASSETS	116,707	141,920
	$ 119,588,625	$ 90,855,428
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 10,489,412	$ 8,146,032
Accrued benefit entitlements (Note 4)	12,285,000	6,997,118
Current portion of long term debt (Note 6)	2,847,000	891,500
	25,621,412	16,034,650
LONG TERM DEBT (Note 6)	41,750,774	25,087,133
DEFERRED CONTRIBUTIONS (Note 7)		
Expenses of future periods	3,663,246	5,686,714
Capital assets	42,937,452	39,289,168
	46,600,698	44,975,882
NET ASSETS		
Invested in capital assets (Note 8)	370,284	256,763
Contract facilities (Note 9)	1,650,631	1,540,199
Internally restricted	754,892	758,666
Unrestricted	2,839,934	2,202,135
	5,615,741	4,757,763
COMMITMENTS AND CONTINGENCIES (Note 10)		
	$ 119,588,625	$ 90,855,428

APPROVED BY THE BOARD OF DIRECTORS

Duncan [illegible] Broadfoot Director

Francine Lee Director

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Operations
Year Ended March 31, 2001

	2001	2000
REVENUE		
Manitoba Health (Note 11)	$ 99,391,983	$ 91,382,806
Other government departments	523,500	470,960
Non-insured income - acute	978,709	916,266
Residential income - long term care	9,458,174	9,278,547
Other income	2,860,411	2,365,288
Y2K	-	2,018,704
Amortization of deferred contributions - operating	58,721	36,366
Amortization of deferred contributions - capital and foundations	5,134,470	3,226,246
Interest and donations	447,841	597,304
Ancillary operations (Schedule 1)	1,807,005	1,688,859
	120,660,814	111,981,346
EXPENSES		
Acute care services	40,000,922	37,423,358
Long term care services	33,044,841	32,007,173
Medical remuneration	7,385,944	7,278,731
Therapy services	1,236,491	1,017,856
Community based services administration	628,253	516,992
Community based mental health services	5,614,545	5,273,361
Community based home care services	11,895,573	10,841,483
Community based health services	2,805,311	2,340,103
Adult day care	508,148	514,660
Land ambulance	2,132,972	1,478,004
Regional health authority	5,603,825	4,544,974
Interest on long term debt	1,783,126	672,028
Pre-retirement leave	542,366	319,964
Y2K	-	2,018,795
Other expenses - non-global	69,128	22,142
Amortization of capital assets	4,017,267	2,981,662
Major repairs	1,074,733	28,480
Donations to foundations	13,166	304,019
Ancillary operations (Schedule 1)	1,587,531	1,555,744
	119,944,142	111,139,529
OPERATING EXCESS OF REVENUE OVER EXPENSES	716,672	841,817
OTHER INCOME (EXPENSE)		
Prior years' funding adjustments	145,306	360,044
Amortization of deferred contributions - transfer of capital assets	550,184	-
Transfer of capital assets	(554,184)	-
	141,306	360,044
EXCESS OF REVENUE OVER EXPENSES	$ 857,978	$ 1,201,861
ALLOCATION OF EXCESS OF REVENUE OVER EXPENSES		
Y2K	$ -	$ (91)
Capital and donations to foundations	25,304	(87,915)
Interest and donations	447,841	597,304
Ancillary operations	219,474	133,115
Prior years' funding adjustments	145,306	360,044
Health care operations	20,053	199,404
TOTAL	$ 857,978	$ 1,201,861

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2001

	Invested in Capital Assets	Contract Facilities (Note 9)	Internally Restricted	Unrestricted	2001 Total	2000 Total
Balance, beginning of year	$ 256,763	$ 1,540,199	$ 758,666	$ 2,202,135	$ 4,757,763	$ 3,555,902
Excess (deficiency) of revenue over expenses	(29,190)	126,493	-	760,675	857,978	1,201,861
Repayment of non-Manitoba Health funded long term debt	126,650	-	-	(126,650)	-	-
Investment in capital assets	16,061	(16,061)	-	-	-	-
Reimbursement of operating expenses	-	-	(3,774)	3,774	-	-
Balance, end of year	$ 370,284	$ 1,650,631	$ 754,892	$ 2,839,934	$ 5,615,741	$ 4,757,763

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Cash Flows

Year Ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 857,978	$ 1,201,861
Items not affecting cash		
Amortization of capital assets	4,147,847	3,111,863
Transfer of capital assets	554,184	-
Amortization of deferred contributions related to expenses of future periods	(143,477)	(359,457
Amortization of deferred contributions related to capital assets	(5,711,482)	(2,943,280
Changes in non-cash operating working capital items	2,064,513	(3,633,074
	1,769,563	(2,622,087
FINANCING ACTIVITIES		
Increase in deferred contributions related to expenses of future periods	884,101	3,555,182
Increase in deferred contributions related to capital assets	6,595,674	4,413,051
Advances on long term debt	39,422,979	12,495,599
Principal payments on long term debt	(20,803,838)	(899,353
	26,098,916	19,564,479
INVESTING ACTIVITIES		
Purchase of capital assets	(27,383,305)	(18,506,123
Decrease in long term investments	-	306,000
Decrease in other assets	25,213	14,702
	(27,358,092)	(18,185,421
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	510,387	(1,243,029
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	9,637,061	10,880,090
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 10,147,448	$ 9,637,061

1. NATURE OF BUSINESS

Regional Health Authority - Central Manitoba Inc. was incorporated under the laws of Manitoba on January 2, 1996. The authority commenced activity on April 1, 1997. The Authority is principally involved in providing health care services to the central region of Manitoba. The Authority is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) Basis of reporting

The Authority provides health care services through devolved and contract facilities. The contract facilities include Salem Home Inc., Tabor Senior Citizens Homes, Inc., Eden Mental Health Centre, Rock Lake Health District and Prairie View Lodge, Inc..

The health care services provided by the contract facilities are delivered under the control of the Authority as the majority funder. Accordingly, the financial position and results of operations of these related organizations are consolidated in the financial statements of the Authority. A financial summary of these contract facilities is provided in Schedules 2 and 3.

All significant inter-company and inter-divisional transactions have been eliminated. Transactions with non-controlled contract entities and certain non-devolved ambulance services have not been consolidated and the transactions are recorded as a purchased service.

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions which include government grants and donations.

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2001.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

d) Investments

Short term investments are carried at the lower of cost and market value. At March 31, 2001, cost approximates marke value for short term investments.

e) Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying value is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2%
Major equipment	10% - 20%

g) Vacation pay

The Authority records the accrued vacation pay entitlement liability. Funding for the vacation pay entitlement is recoverable as a component of salary cost funding for the subsequent year.

h) Retirement entitlement obligation

Commencing April 1, 2000, the Authority prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Authority has a contractual commitment to pay out to employees' four days salary per year of service upon retirement if they comply with the following conditions:
a) have ten years service and have reached the age of 55, or
b) qualify for the "eighty" rule which is calculated by adding the number of years' service to the age of the employee

The Authority has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the for the remainder of the employees who have not yet met the criteria above. Funding for the retirement entitlement is recoverable from Manitoba Health on an out of globe basis in the year of payment. The effect of adopting the new recommendations was to increase the deferred retirement benefit charge and the accrued retirement obligation.

In accordance with the change in accounting, the Authority undertook an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.5% and a rate of salary increase of 4.0% plus age related merit / promotion scale with nil for disability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Deferred charges

Funding for vacation entitlements and retirement entitlement obligations is provided by the Authority in the period in which the expenditures are made. Accordingly, the cost of the estimated accrued vacation pay and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

3. ACCOUNTS RECEIVABLE - MANITOBA HEALTH

Accounts Receivable - Manitoba Health includes the following:

	2001	2000
In globe deficit	$ 3,593,390	$ 1,979,427
Out of globe amounts - current year	(475,956)	159,312
Out of globe amounts - prior years	-	183,150
2000/2001 midwifery funding	51,955	-
One time funding - level of care adjustments	-	45,423
Commitment - MNU education allowance	35,397	22,142
Commitment - special care nursing	-	14,276
Commitment - contract settlements - current year	-	1,130,643
Commitment - contract settlements - prior year	-	19,173
Approved capital projects	2,710,946	1,410,008
Other	-	789
	$ 5,915,732	$ 4,964,343

4. DEFERRED CHARGES AND ACCRUED BENEFIT ENTITLEMENTS

The deferred charges represent future funding receivable for accrued vacation and retirement benefits.

	2001	2000
Vacation pay	$ 5,280,000	$ 4,975,000
Statutory holidays and overtime	276,000	247,118
Retirement benefits	6,729,000	1,775,000
	$ 12,285,000	$ 6,997,118

5. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,353,516	$ -	$ 1,353,516	$ 1,187,516
Buildings	63,040,799	22,323,703	40,717,096	37,072,579
Major equipment	33,664,155	23,461,324	10,202,831	7,853,109
Construction in progress	35,898,035	-	35,898,035	19,377,000
	$ 133,956,505	$ 45,785,027	$ 88,171,478	$ 65,490,204

6. LONG TERM DEBT

		2001		2000
Debentures	$	781,600	$	1,184,000
Canada Mortgage and Housing Corporation mortgages		9,401,856		9,651,093
Province of Manitoba promissory note		19,000,000		-
Bank loans		15,414,318		15,143,540
		44,597,774		25,978,633
Less: current portion		2,847,000		891,500
	$	41,750,774	$	25,087,133

Debentures bear interest at rates between 13.375% to 15.75% and mature at various dates on or before November 15, 2004. The indenture documentation for the debentures outstanding assigns the subsidies provided by Manitoba Health for payment of the debenture.

Canada Mortgage and Housing Corporation mortgages bear interest between 5.125% and 10% and mature at various dates on or before July 1, 2028. The mortgages are secured by land and buildings.

Province of Manitoba promissory note bears interest at 6.125% and matures March 31, 2018. The loan is secured by a letter of comfort from Manitoba Health.

Bank loans bear interest at floating rates based on the bank prime lending rates. The amounts are generally due on demand but have repayment terms as negotiated by the Authority. These amounts are secured by letters of comfort from Manitoba Health.

Estimated principal repayment requirements for the next five years are as follows:

2001	$	2,847,000
2002		2,735,000
2003		2,603,000
2004		2,568,000
2005		2,542,000

7. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants received for future expenditures including capital assets. Amortization is recorded as revenue in the statement o operations, matched with expenditures incurred with these funds.

		2001		2000
Balance, beginning of year	$	5,686,714	$	4,744,282
Additional contributions received		884,101		3,555,182
Amount transferred to capital assets		(2,764,092)		(2,253,293
Less amounts amortized to revenue		(143,477)		(359,457
Balance, end of year	$	3,663,246	$	5,686,714

7. DEFERRED CONTRIBUTIONS (continued)

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2001	2000
Balance, beginning of year	$ 39,289,168	$ 35,418,460
Reclassification of prior year's figures	-	147,644
Balance, beginning of year, as reclassified	39,289,168	35,566,104
Additional contributions received	6,595,674	4,413,051
Amount transferred from expenses of future periods	2,764,092	2,253,293
Less amounts amortized to revenue	(5,711,482)	(2,943,280
Balance, end of year	$ 42,937,452	$ 39,289,168

8. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2001	2000
Capital assets	$ 88,171,478	$ 65,490,204
Amounts financed by:		
Deferred contributions	(42,937,452)	(39,289,168
Long term debt	(44,597,774)	(25,978,633
Working capital	(265,968)	34,360
	$ 370,284	$ 256,763

9. CONTRACT FACILITIES - NET ASSETS

Contract facilities - net assets represent the net assets, other than invested in capital assets, of the contract facilities that have been consolidated in the financial statements of the Authority.

The amounts are as follows:

	2001	2000
Internally restricted	$ 728,529	$ 774,323
Externally restricted	11,387	11,387
Unrestricted	910,715	754,489
	$ 1,650,631	$ 1,540,199

10. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the consolidated financial position of the Authority.

b) A group of hospitals, including the Authority, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of all its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2001.

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Notes to the Consolidated Financial Statements

March 31, 2001

11. MANITOBA HEALTH REVENUE

Manitoba Health revenue includes the following:

	2001	2000
Revenue as per final approved budget	$ 97,940,119	$ 89,406,462
Amounts recorded as deferred contributions	(2,295,432)	(1,451,614
	95,644,687	87,954,848
2000/2001 midwifery operating funding	39,955	-
In globe deficit	3,593,390	1,979,427
Current year's estimated out of globe amounts	(464,089)	166,047
One time funding - dialysis training	14,687	-
One time funding - fire alarm installation	8,400	-
One time funding - psychiatric retroactive salary adjustments	80,687	-
One time funding - pre-retirement leave advance	438,869	-
One time funding - construction supervision	-	45,000
One time funding - planning	-	25,000
One time funding - level of care adjustment	-	45,423
Commitment - MNU education allowance	35,397	22,142
Commitment - special care nursing	-	14,276
Commitment - contract settlements	-	1,130,643
	$ 99,391,983	$ 91,382,806

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of short-term financial assets and liabilities are reasonable estimates of their fair values because o the short maturity of those instruments. Short term financial assets are comprised of cash, short term investments and accounts receivable. Short term financial liabilities are comprised of accounts payable and accrued liabilities.

13. ECONOMIC DEPENDENCE

The Authority receives approximately 80% of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for its continued operations.

14. PENSION PLAN

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (HEPP) or the Civil Service Superannuation Plan (CSSP). HEPP is a multi-employer defined benefit pension plan, which is accounted for as a defined contribution plan. The plan is available to all eligible employees of the participating members of the Authority. Former civil servants transferred to the Authority could elect to remain members of the Civil Service Superannuation Plan which is a government based defined benefit pension plan which is accounted for as a defined contribution plan. All new Authority employees are eligible to join HEPP and not the CSSP.

The most recent actuarial valuation of the HEPP at December 31, 2000 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

15. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been restated to conform with current year presentation.

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Statement of Operations - Ancillary Operations

Year Ended March 31, 2001

Schedule 1

	Elderly Person's Housing	Services for Seniors	Handivan	Retail Pharmacy	Contract Facilities	2001	2000
REVENUE							
Outside sources	$ 928,732	$ 7,495	$ 71,622	$ 572,464	$ 115,108	$ 1,695,421	$ 1,648,734
Amortization of deferred contributions	85,544	-	26,040	-	-	111,584	40,125
	1,014,276	7,495	97,662	572,464	115,108	1,807,005	1,688,859
EXPENSES							
Operating	504,777	7,555	44,211	422,701	122,110	1,101,354	1,111,459
Amortization of capital assets	104,540	-	26,040	-	-	130,580	130,201
Interest on long term debt	277,577	-	-	-	-	277,577	311,176
Major repairs	78,020	-	-	-	-	78,020	2,908
	964,914	7,555	70,251	422,701	122,110	1,587,531	1,555,744
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 49,362	$ (60)	$ 27,411	$ 149,763	$ (7,002)	$ 219,474	$ 133,115

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Schedule 2

Statement of Financial Position - Segmented

March 31, 2001

	Devolved	Contract	2001	2000
ASSETS				
CURRENT				
Cash and short term investments	$ 7,960,721	$ 2,186,727	$ 10,147,448	$ 9,637,061
Accounts receivable, net	1,341,140	375,955	1,717,095	2,492,580
Accounts receivable - Manitoba Health	6,069,637	(153,905)	5,915,732	4,964,343
Inventories	1,044,688	123,771	1,168,459	1,071,069
Prepaid expenses	53,854	12,852	66,706	61,133
Deferred charges	10,509,263	1,775,737	12,285,000	6,997,118
	26,979,303	4,321,137	31,300,440	25,223,304
CAPITAL ASSETS	79,143,175	9,028,303	88,171,478	65,490,204
OTHER ASSETS	-	116,707	116,707	141,920
	$ 106,122,478	$ 13,466,147	$ 119,588,625	$ 90,855,428
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 9,511,377	$ 978,035	$ 10,489,412	$ 8,146,032
Accrued benefit entitlements	10,509,263	1,775,737	12,285,000	6,997,118
Current portion of long term debt	2,700,000	147,000	2,847,000	891,500
	22,720,640	2,900,772	25,621,412	16,034,650
LONG TERM DEBT	40,173,321	1,577,453	41,750,774	25,087,133
DEFERRED CONTRIBUTIONS				
Expenses of future periods	3,363,839	299,407	3,663,246	5,686,714
Capital assets	36,010,425	6,927,027	42,937,452	39,289,168
	39,374,264	7,226,434	46,600,698	44,975,882
NET ASSETS				
Invested in capital assets	259,427	110,857	370,284	256,763
Contract facilities	-	1,650,631	1,650,631	1,540,199
Internally restricted	754,892	-	754,892	758,666
Unrestricted	2,839,934	-	2,839,934	2,202,135
	3,854,253	1,761,488	5,615,741	4,757,763
	$ 106,122,478	$ 13,466,147	$ 119,588,625	$ 90,855,428

Schedule 3

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Statement of Operations - Segmented

Year Ended March 31, 2001

	Devolved	Contract	2001	2000
REVENUE				
Manitoba Health	$86,491,631	$12,900,352	$ 99,391,983	$ 91,382,806
Other government departments	523,500	-	523,500	470,960
Non-insured income - acute	905,556	73,153	978,709	916,266
Residential income - long term care	6,664,346	2,793,828	9,458,174	9,278,547
Other income	2,216,334	644,077	2,860,411	2,365,288
Y2K	-	-	-	2,018,704
Amortization of deferred contributions - operating	31,619	27,102	58,721	36,366
Amortization of deferred contributions - capital and foundations	4,552,611	581,859	5,134,470	3,226,246
Interest and donations	350,768	97,073	447,841	597,304
Ancillary operations	1,691,897	115,108	1,807,005	1,688,859
	103,428,262	17,232,552	120,660,814	111,981,346
EXPENSES				
Acute care services	39,001,050	999,872	40,000,922	37,423,358
Long term care services	22,780,951	10,263,890	33,044,841	32,007,173
Medical remuneration	6,039,819	1,346,125	7,385,944	7,278,731
Therapy services	1,236,491	-	1,236,491	1,017,856
Community based services administration	628,253	-	628,253	516,992
Community based mental health services	2,077,016	3,537,529	5,614,545	5,273,361
Community based home care services	11,895,573	-	11,895,573	10,841,483
Community based health services	2,805,311	-	2,805,311	2,340,103
Adult day care	373,845	134,303	508,148	514,660
Land ambulance	2,132,972	-	2,132,972	1,478,004
Regional health authority	5,603,825	-	5,603,825	4,544,974
Interest on long term debt	1,687,800	95,326	1,783,126	672,028
Pre-retirement leave	500,952	41,414	542,366	319,964
Y2K	-	-	-	2,018,795
Other expenses - non-global	69,128	-	69,128	22,142
Amortization of capital assets	3,613,837	403,430	4,017,267	2,981,662
Major repairs	858,776	215,957	1,074,733	28,480
Donations to foundations	6,736	6,430	13,166	304,019
Ancillary operations	1,465,421	122,110	1,587,531	1,555,744
	102,777,756	17,166,386	119,944,142	111,139,529
OPERATING EXCESS OF REVENUE OVER EXPENSES	650,506	66,166	716,672	841,817
OTHER INCOME (EXPENSE)				
Prior years' funding adjustments	155,386	(10,080)	145,306	360,044
Amortization of deferred contributions - transfer of capital assets	550,184	-	550,184	-
Transfer of capital assets	(554,184)	-	(554,184)	-
	151,386	(10,080)	141,306	360,044
EXCESS OF REVENUE OVER EXPENSES	$ 801,892	$ 56,086	$ 857,978	$ 1,201,861
ALLOCATION OF EXCESS OF REVENUE OVER EXPENSES				
Y2K	$ -	$ -	$ -	$ (91)
Capital and donations to foundations	69,262	(43,958)	25,304	(87,915)
Interest and donations	350,768	97,073	447,841	597,304
Ancillary operations	226,476	(7,002)	219,474	133,115
Prior years' funding adjustments	155,386	(10,080)	145,306	360,044
Health care operations	-	20,053	20,053	199,404
TOTAL	$ 801,892	$ 56,086	$ 857,978	$ 1,201,861

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.:

We have audited the consolidated statement of financial position of **SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.** as at **MARCH 31, 2001** and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at **MARCH 31, 2001** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
June 8, 2001

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash and term deposits	$	620,570
Accounts receivable	3,556,345	1,028,504
Inventories (Note 2)	590,479	550,006
Prepaid expense	48,986	50,953
Deferred vacation and retirement entitlement costs (Note 2)	3,640,394	1,484,782
	7,836,204	3,734,815
RESTRICTED (Note 3)	567,472	723,225
CAPITAL ASSETS (Notes 2 and 4 and 12)	33,277,413	28,967,828
	$ 41,681,089	33,425,868

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2001

LIABILITIES	2001	2000
CURRENT		
Bank indebtedness (Note 5)	$ 753,496	
Accounts payable and accrued liabilities	2,451,518	1,608,599
Accrued vacation and retirement pay	3,640,394	1,484,782
Current portion of long-term debt (Note 6)	1,737,489	665,261
Unearned revenue	503,646	
	9,086,543	3,758,642
LONG-TERM DEBT (Note 6)	13,264,121	11,484,320
DEFERRED CONTRIBUTIONS (Note 7)		
Expenses of future periods	240,278	228,753
Capital assets	17,660,596	16,415,759
	17,900,874	16,644,512
COMMITMENTS AND CONTINGENCIES (Notes 4 and 9)		
NET ASSETS		
Investment in capital assets (Notes 8 and 12)	615,207	402,488
Externally restricted - Contract Facilities	141,944	228,937
Externally restricted	567,472	723,225
Unrestricted	104,928	183,744
	1,429,551	1,538,394
	$ 41,681,089	33,425,868

Approved on behalf of the Board

Albert R Beal
Director

Director

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2001

	2001	2000
REVENUE		
Manitoba Health	$ 33,985,600	31,959,041
Non-insured income	3,239,815	3,357,666
Other income and recovered services	749,729	408,618
Ambulance income	585,134	429,080
Amortization of deferred contributions	1,343,485	1,444,650
	39,903,763	37,599,055
EXPENDITURES		
Acute care services	12,722,713	11,844,731
Adult day care	97,246	78,480
Amortization of capital assets	1,343,485	1,384,419
Community based health services	4,011,386	3,174,414
Community based home care services	6,538,415	6,107,630
Community based mental health services	378,812	326,311
Community therapy services	366,264	329,234
Interest on long-term debt	828,330	776,295
Laboratory and X-ray	471,036	461,893
Land ambulance	783,532	658,057
Long-term care services	11,410,998	10,768,500
Medical remuneration	2,359,667	2,192,591
Personal care home drugs	505,057	432,251
Regional Health Authority costs	762,353	710,955
	42,579,294	39,245,761
DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(2,675,531)	(1,646,706)
OTHER ITEMS		
Manitoba Health		
Anticipated settlements - 2000/01	(24,396)	
Anticipated settlements - 1998/99		112,990
Net operating deficit - 2000/01	2,699,927	
Settlement - 1997/98		19,537
Collective agreement settlements - 1998/99		105,140
	2,675,531	237,667
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR YEAR	$	(1,409,039)

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2001

	Investment in Capital Assets	Contract Facilities	Externally Restricted	Unrestricted	2001 Total	2000 Total
BALANCE, BEGINNING OF YEAR	$ 402,488	228,937	723,225	183,744	1,538,394	3,397,261
Transfers to deferred contributions		(15,781)	(64,359)	62,691	(17,449)	(381,375)
Expenditures during year			(91,394)		(91,394)	(68,453)
Excess (deficiency) of revenue over expenditures for year						(1,409,039)
Net changes in investment in capital assets (Note 8)	212,719	(71,212)		(141,507)		
BALANCE, END OF YEAR	$ 615,207	141,944	567,472	104,928	1,429,551	1,538,394

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2001

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for year	$	(1,409,039)
Adjustments for		
Amortization of capital assets	1,343,485	1,384,419
Amortization of deferred contributions related to capital assets	(1,343,485)	(1,444,650)
		(1,469,270)
Changes in non-cash working capital		
Accounts receivable	(2,527,841)	377,899
Inventories	(40,473)	(48,349)
Prepaid expense	1,967	2,836
Deferred vacation and retirement entitlement costs	(2,155,612)	(315,522)
Accounts payable and accrued liabilities	842,919	(42,193)
Accrued vacation and retirement pay	2,155,612	315,522
Unearned revenue	503,646	
	(1,219,782)	290,193
	(1,219,782)	(1,179,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted assets	155,753	109,033
Purchase of capital assets (net)	(5,653,070)	(2,696,025)
Restricted assets expenditures	(91,394)	(68,453)
	(5,588,711)	(2,655,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances of long-term debt	3,654,257	458,000
Repayment of long-term debt	(802,228)	(663,092)
Increase (decrease) in deferred contributions related to expenses of future periods (net)	11,525	8,916
Receipt of deferred contributions related to capital assets	2,588,322	3,327,868
Net transfers	(17,449)	(381,375)
	5,434,427	2,750,317
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,374,066)	(1,084,205)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	620,570	1,704,775
CASH AND CASH EQUIVALENTS, END OF YEAR	$ (753,496)	620,570

1. ENTITY DEFINITION

South Eastman Health/Santé Sud-Est Inc. was incorporated under the laws of the Province of Manitoba on January 2, 1996. The Authority commenced providing health care services on April 1, 1997 in the southeastern region of Manitoba. The Authority is a registered charity under The Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

Under the Regional Health Authorities and Consequential Amendments Act, the Authority entered into negotiations with all health care facilities in the region to either transfer those facilities' operations, property, liabilities and obligations to the Authority or to operate as a contract facility funded by the Authority. These negotiations have been completed. Obligations under these agreements are detailed further in Note 3.

Three facilities within the region operate under contract arrangements for funding with the Authority. They are Rest Haven Nursing Home, Menno Home for the Aged and Villa Youville Inc. - Nursing. The operations of these facilities have been consolidated in these financial statements as the Authority exercises significant influence over them by virtue of acting as funding agent. Any non-Manitoba Health funded activities of these facilities (i.e. apartments, seniors' housing) have been excluded from these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting policies.

Revenue recognition

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements with Manitoba Health with respect to the year ended March 31, 2001, as well as anticipated settlements with respect to the net operating deficit.

With respect to actual operating results, certain adjustments to funding will be made by Manitoba Health after completion of their review of the Authority's accounts. It is anticipated based on discussions with Manitoba Health that a majority of the current year's operating deficit will be funded upon completion of this review. Subsequent to March 31, 2001, the Authority has received an advance equal to 75% of the unaudited net operating deficit.

Any adjustments will be reflected in the year the final statement of recommended costs is received from Manitoba Health.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue in the year in which it is earned.

Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined by the first-in, first-out method.

Deferred vacation entitlements

Accrued vacation pay is deferred and charged to expense as the employees take the corresponding vacation time.

Retirement leave entitlements

The Authority pays accumulated benefits to eligible employees upon retirement. Actuarial estimates of the present value of projected benefits to be paid under the plan have been recorded as a liability and as deferred income for the Authority.

Employee future benefits

Commencing April 1, 2000 the Authority prospectively applied the new accounting recommendations for employee future benefits contained in section 3461 of the Canadian Institute of Chartered Accountants' Handbook. Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	- 2% to 2.5%
Major equipment	- 10% to 20%

3. RESTRICTED ASSETS

The Authority entered and completed negotiations with the health facilities in the region to have their obligations, property, and liabilities transferred to it. The Authority agreed to use prior operating surpluses to promote health within the specific districts. These operating surpluses were as follows:

	De Salaberry District Health Centre	Vita and District Health Centre	Ste. Anne Hospital	Total
Balance, beginning of year	$ 251,914	444,117	27,194	723,225
2000/2001 expenditures	(30,000)	(61,394)		(91,394)
Transfers to deferred contributions		(61,000)	(3,359)	(64,359)
Balance, end of year	$ 221,914	321,723	23,835	567,472

The Authority also agreed to use current ambulance surpluses and assets for improving emergency medical services in accordance with the terms of the agreements.

4. CAPITAL ASSETS

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 646,689		659,418	
Buildings	31,223,791	9,214,507	30,842,166	7,450,972
Major equipment	12,345,512	6,760,209	12,541,414	7,889,079
Construction in progress	5,036,137		264,881	
	49,252,129	15,974,716	44,307,879	15,340,051
Cost less accumulated amortization	$ 33,277,413		28,967,828	

The Authority is in the process of constructing a 60 bed personal care home attached to the Bethesda Hospital for a total approved contract of $7,106,000. Also under construction is a 66 bed addition at Villa Youville for a total approved contract of $7,465,000.

5. BANK INDEBTEDNESS

The Authority has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $1,500,000. The line of credit bears interest at Royal Bank prime less 1/2% and is secured by an authorization letter from Manitoba Health and assignment of fire insurance covering property of every description.

6. LONG-TERM DEBT

	2001	2000
Debenture payable	$ 219,000	328,000
Mortgages payable	10,731,866	11,363,581
Demand loans payable	4,050,744	458,000
	15,001,610	12,149,581
Current portion of long-term debt	1,737,489	665,261
	$ 13,264,121	11,484,320

The debenture bears interest at 13.375%, matures on October 31, 2002 and requires annual payments of principal of $109,000.

The mortgages bear interest between 5.52% and 7.875%, mature on various dates on or before March, 2027 and require annual payments of principal and interest of $337,921.

The demand loans payable bear interest between prime less 1/2% and prime less 1/4%. The loans require monthly interest-only payments until the completion of the related construction project, at which point the repayment terms will be finalized.

The debenture and mortgages payable are secured by Letters of Comfort from Manitoba Health. The demand loan payable and mortgages are also secured by land and buildings.

Principal payments due in the next five years are as follows:

2002	$ 1,737,489
2003	766,306
2004	701,176
2005	749,347
2006	800,732

7. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and construction projects.

	2001	2000
Balance, beginning of year	$ 228,753	219,837
Add amount received during year	24,155	24,154
Less 2000/2001 expenditures	(12,630)	(15,238)
Balance, end of year	$ 240,278	228,753

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowing.

	2001	2000
Balance, beginning of year	$ 16,415,759	14,532,541
Additional contributions received	2,588,322	3,327,868
Less amounts amortized to revenue	(1,343,485)	(1,444,650)
Balance, end of year	$ 17,660,596	16,415,759

8. INVESTMENT IN CAPITAL ASSETS

A) Investment in capital assets is calculated as follows:

	2001	2000
Capital assets	$ 33,277,413	28,967,828
Amounts financed by		
Deferred contributions	17,660,596	16,415,759
Loan and mortgage payable	15,001,610	12,149,581
	$ 615,207	402,488

B) Change in net assets invested in capital assets is calculated as follows:

	2001	2000
Excess of revenues over expenditures		
Amortization of deferred contributions related to capital assets	$ 1,343,485	1,444,650
Amortization of capital assets	(1,343,485)	(1,384,419)
		60,231
Net changes in investment in capital assets		
Purchase of capital assets (net)	5,653,070	2,696,025
Amounts funded by		
Manitoba Health funding	(1,278,574)	(1,716,797)
Advances on long-term debt	(3,654,257)	(458,000)
Donations	(733,106)	(557,123)
Transfers		
Restricted assets	(64,359)	(40,580)
Unrestricted equity	62,691	(311,564)
Contract facilities	(15,781)	(29,231)
Repayment of debentures, loans and mortgages	802,228	663,092
Manitoba Health debt service funding	(559,193)	(672,573)
	$ 212,719	(426,751)

9. COMMITMENTS AND CONTINGENCIES

A) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2001, management believes the Authority has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

B) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2001.

The Authority's coverage also includes contract facilities as named insured parties.

10. PENSION PLAN

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (a successor of the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of salary and 6.60% of salary over $38,300 contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee's contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December, 31, 1999 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $903,426 and are included in the statement of operations.

The remainder of employees are members of the Province of Manitoba's defined benefit Superannuation Pension Fund. Liability for variances between actuarial funding estimates and actual experience lies with the Province.

11. FINANCIAL INSTRUMENTS

Credit risk

The Authority is exposed to credit risk in the event of non-performance by counter parties, but management does not anticipate significant non-performance by any of the counter parties. The Authority's accounts receivable are comprised mostly of amounts due from Manitoba Health.

12. COMPARATIVE FIGURES

Certain of the comparative figures for the year ended March 31, 2000 have been reclassified to provide better comparison with the current year's presentation. Excess of revenue over expenditures remains as previously reported. Opening investment in capital assets has been restated by $264,881 with a corresponding increase in capital assets to properly reflect construction in progress which was not recorded in the consolidated March 31, 2000 financial statements.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED SCHEDULE OF FINANCIAL POSITION
March 31, 2001

	Regional Health Authority	Contract Facilities	2001 Consolidated Total	2000 Consolidated Total
CURRENT				
Cash and term deposits	$			620,570
Accounts receivable	3,163,221	393,124	3,556,345	1,028,504
Inventories	529,533	60,946	590,479	550,006
Prepaid expense	36,387	12,599	48,986	50,953
Deferred vacation and retirement entitlement costs	2,931,411	708,983	3,640,394	1,484,782
	6,660,552	1,175,652	7,836,204	3,734,815
RESTRICTED	567,472		567,472	723,225
CAPITAL ASSETS	28,562,351	4,715,062	33,277,413	28,967,828
	35,790,375	5,890,714	41,681,089	33,425,868
CURRENT				
Bank indebtedness	972,303	(218,807)	753,496	
Accounts payable and accrued liabilities	2,042,294	409,224	2,451,518	1,608,599
Accrued vacation and retirement pay	2,931,411	708,983	3,640,394	1,484,782
Deferred revenue	503,646		503,646	
Current portion of long-term debt	1,173,072	564,417	1,737,489	665,261
	7,622,726	1,463,817	9,086,543	3,758,642
LONG-TERM DEBT	10,179,573	3,084,548	13,264,121	11,484,320
DEFERRED CONTRIBUTIONS				
Expenses of future period	105,969	134,309	240,278	228,753
Capital assets	16,853,801	806,795	17,660,596	16,415,759
	16,959,770	941,104	17,900,874	16,644,512
NET ASSETS				
Investment in capital assets	355,906	259,301	615,207	402,488
Externally restricted - Contract Facilities		141,944	141,944	228,937
Externally restricted	567,472		567,472	723,225
Unrestricted	104,928		104,928	183,744
	1,028,306	401,245	1,429,551	1,538,394
	$ 35,790,375	5,890,714	41,681,089	33,425,868

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED SCHEDULE OF OPERATIONS

Year ended March 31, 2001

		Acute Care	Long-term Care	Community Health & Other Programs	Corporate Office	RHA Total	Contract Facilities	2001 Consolidated Total	2000 Consolidated Total
REVENUE									
Manitoba Health	$	10,936,021	3,746,693	13,993,465	750,989	29,427,168	4,558,432	33,985,600	31,959,041
Non-insured income		329,488	1,220,702			1,550,190	1,689,626	3,239,816	3,357,666
Other income and recovered services		279,784	1,363		110,184	391,321	358,408	749,729	408,618
Ambulance income				585,134		585,134		585,134	429,080
Amortization of deferred revenue contributions related to capital assets		763,823	214,603		183,513	1,161,939	181,546	1,343,485	1,444,650
		12,309,116	5,183,351	14,578,599	1,044,686	33,116,762	6,788,011	39,903,763	37,599,055
EXPENDITURES									
Acute care services		12,722,713				12,722,713		12,722,713	11,844,731
Adult day care				97,246		97,246		97,246	78,480
Amortization of capital assets		763,823	214,603		183,513	1,161,939	181,546	1,343,485	1,384,419
Community based health services				4,011,386		4,011,386		4,011,386	3,174,414
Community based home care services				6,538,415		6,538,415		6,538,415	6,107,630
Community based mental health services				378,812		378,812		378,812	326,311
Community therapy services				366,264		366,264		366,264	329,234
Interest on long-term debt		253,059	372,202			625,261	203,069	828,330	776,295
Lab and X-ray				471,036		471,036		471,036	461,893
Land ambulance				783,532		783,532		783,532	658,057
Long-term care services			4,840,323			4,840,323	6,570,675	11,410,998	10,768,500
Medical remuneration				2,359,667		2,359,667		2,359,667	2,192,591
PCH drug expense				505,057		505,057		505,057	432,251
Regional Health Authority costs					762,353	762,353		762,353	710,955
		13,739,595	5,427,128	15,511,415	945,866	35,624,004	6,955,290	42,579,294	39,245,761
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS		(1,430,479)	(243,777)	(932,816)	98,820	(2,508,252)	(167,279)	(2,675,531)	(1,646,706)
OTHER ITEMS									
Manitoba Health									
Anticipated settlements - 2000/01		(82,939)	58,543			(24,396)		(24,396)	
Net operating deficit - 2000/01		1,513,418	185,234	932,816	(98,820)	2,532,648	167,279	2,699,927	
Anticipated settlements - 1998/99						0		0	112,990
Settlement - 1997/98						0		0	19,537
Collective agreement settlements - 1998/99						0		0	105,140
		1,430,479	243,777	932,816	(98,820)	2,508,252	167,279	2,675,531	237,667
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR YEAR	$	0	0	0	0	0	0	0	(1,409,039)

BDO

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and Consultants

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Auditors' Report

To the Board of Directors of
SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

We have audited the balance sheet of **SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 21, 2001

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Balance Sheet

March 31	2001	2000
Assets		
Current Assets		
Cash	$ 270,831	$ 123,014
Temporary investments	2,767,836	2,606,241
Accounts receivable	401,106	1,027,981
Due from Manitoba Health (Note 1)	1,136,185	1,152,442
Deferred benefit entitlements (Note 2)	2,401,693	2,305,311
Inventories	420,004	424,286
Prepaid expenses	107,609	65,529
	7,505,264	7,704,804
Deferred benefit entitlements (Note 2)	2,933,656	507,516
Capital assets (Note 3)	42,497,831	40,729,676
Trust assets	37,692	39,018
	$ 52,974,443	$ 48,981,014
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,593,210	$ 3,181,334
Current portion of long-term debt (Note 4)	2,004,105	12,427,910
Deferred benefit entitlements (Note 2)	2,401,693	2,305,311
	6,999,008	17,914,555
Long-term debt (Note 4)	17,251,036	5,314,093
Deferred benefit entitlements (Note 2)	2,933,656	507,516
Deferred contributions (Note 5)	23,872,005	23,437,735
Deferred income (Note 6)	73,367	97,176
Trust liabilities	37,692	39,018
Total liabilities	51,166,764	47,310,093
Net Assets		
Net assets invested in capital assets (Note 7)	2,749,633	2,336,526
Net assets internally restricted (Note 8)	33,711	1,825
Unrestricted net assets	(975,665)	(667,430)
	1,807,679	1,670,921
	$ 52,974,443	$ 48,981,014

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Statement of Changes in Net Assets

For the year ended March 31		Invested in Capital Assets		Internally Restricted		Unrestricted		2001		2000
Balance, beginning of year	$	2,336,526	$	1,825	$	(667,430)	$	1,670,921	$	3,362,673
Prior period adjustments		-		-		-		-		(23,438)
Interfund transfers (Note 9)		689,515		31,886		(721,401)		-		-
Excess of revenues (expenses) for the year		(276,408)		-		413,166		136,758		(1,668,314)
Balance, end of year	$	2,749,633	$	33,711	$	(975,665)	$	1,807,679	$	1,670,921

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Statement of Operations

For the year ended March 31	2001	2000
Revenues		
Manitoba Health operating income (Note 10)	$ 42,700,733	$ 39,593,770
Non-insured income	5,741,544	5,653,595
Other income	2,172,257	1,414,181
Amortization of deferred contributions	1,846,105	1,920,930
Ancillary revenue	324,095	348,058
Province of Manitoba	229,346	142,217
	53,014,080	49,072,751
Expenses		
Acute care expenses	17,781,630	15,629,209
Long-term care	16,941,695	17,126,289
Community-based home care services	4,031,985	3,788,102
Medical remuneration	3,951,278	3,907,240
Regional health authority costs	2,963,237	2,814,627
Amortization of capital assets	2,124,079	1,871,995
Community-based health services	1,353,974	1,317,435
Land ambulance	1,309,572	1,480,306
Interest on long-term debt	1,139,196	502,818
Community-based mental health services	570,117	427,589
Community-based therapy services	286,994	269,555
Community-based services administration	197,125	166,671
Ancillary expenses	173,901	300,242
Year 2000, flood disaster and construction officer costs	52,539	1,138,987
	52,877,322	50,741,065
Excess of revenues (expenses) for the year	$ 136,758	$ (1,668,314)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Statement of Cash Flows

For the year ended March 31	2001	2000
Cash Flows from Operating Activities		
Excess of revenues (expenses) for the year	$ 136,758	$ (1,668,314)
Items not involving cash		
Prior period adjustment	-	(23,436)
Amortization of deferred contributions	(1,846,105)	(1,920,930)
Amortization of capital assets	2,124,079	1,871,995
	414,732	(1,740,685)
Changes in non-cash working capital balances		
Accounts receivable	626,875	(526,454)
Inventories	4,282	199,058
Prepaid expenses	(42,080)	26,396
Short-term investments	(161,595)	(2,606,241)
Due from (to) Manitoba Health	16,257	(736,053)
Accounts payable and accrued liabilities	(588,124)	(34,451)
	270,347	(5,418,430)
Cash Flows from Investing and Financing Activities		
Purchase of capital assets	(3,892,234)	(11,473,115)
Increase in deferred contributions	2,280,375	2,265,330
Increase in long-term debt	1,513,138	7,333,118
Increase (decrease) in deferred income	(23,809)	25,420
	(122,530)	(1,849,247)
Increase (decrease) in cash during the year	147,817	(7,267,677)
Cash and cash equivalents, beginning of year	123,014	7,390,691
Cash and cash equivalents, end of year	$ 270,831	$ 123,014

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Nature and Purpose of Organization

South Westman Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The organization's mission is to promote and enhance the physical, mental and spiritual well-being for the South Westman region through the provision of high quality health services and programs which are responsive, accessible, coordinated and sustainable.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of South Westman Regional Health Authority Inc. All significant inter divisional transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit organizations have been included in these financial statements:

Baldur Handi-Van Service (Note 11)
Baldur Health District
Baldur Health District Ambulance Service
Boissevain Ambulance Service
Boissevain Health Centre
Cartwright and District Hospital
Cartwright Ambulance Service
Deloraine and District Elderly and Infirm Persons Housing Inc.
Deloraine Health Centre
Deloraine Health Centre Ambulance Service
Glenboro Handi-Van Service (Note 11)
Glenboro Health District
Glenboro Health District Ambulance Service
Hartney Handi-Transit (Note 11)
Hartney Medical Nursing Unit
Health District No. 10 - Elkwood Manor
Health District No. 10 - Reston District Health Centre
Health District No. 10 - Virden District Hospital
Killarney and District Ambulance Service
Melita Health Centre
Souris Ambulance Service
Souris Handi-Transit (Note 11)
Souris Health District
South Westman Regional Health Authority Inc.
Tiger Hills Handi-Van Service (Note 11)
Tiger Hills Health District
Tiger Hills Health District Ambulance Service
Tiger Hills Villa Inc. (Note 12)
Tri-Lake Health Centre
Victoria Park Lodge
Virden District Ambulance Service
Virden and District Elderly Persons Housing Corporation
Wawanesa and District Ambulance Service
Wawanesa and District Memorial Health Centre
West-Man Nursing Home Inc.
Westview Lodge

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

Financial Instruments

South Westman Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, temporary investments, accounts payable, amounts due from (to) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Ambulance garages	20 years straight-line basis
Ambulance radios	5 years straight-line basis
Automotive equipment	5 years straight-line basis
Building	40 years straight-line basis
Computers	5 years straight-line basis
Equipment	10 years straight-line basis
Land improvements	15 years straight-line basis
Leaseholds	3 years straight-line basis

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2001

1. Due From Manitoba Health

	2001	2000
Due from Manitoba Health - In Globe	$ 1,559,283	$ -
Due from Manitoba Health - Out of Globe	333,379	874,449
Due from (to) Manitoba Health - Past Commitments	(756,477)	277,993
	$ 1,136,185	$ 1,152,442

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by South Westman Regional Health Authority Inc. and what must be repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final cost approvals which indicate the portion of the deficit that will be paid to South Westman Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

Differences that may occur on final settlement of approved costs are charged directly to current years operations.

2. Deferred Benefit Entitlements

Certain accrued employee benefit costs, including vacation pay and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to disclose the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health separately in the statement of financial position. Neither the change of the accrued liability or the related receivable is recorded in the statement of operations.

The pre-retirement benefits are determined by actuarial valuation. The latest actuarial valuation of the pre-retirement value as of December 31, 2000 reports an obligation of $2,933,656. The plan is unfunded; however the obligation is covered by Manitoba Health resulting in a nil surplus or deficit at March 31, 2001. $283,675 of benefits were paid from the plan in the current year. No contributions by the employees or employer were made during the year. The assumptions in the valuation report are as follows:

- discount rate of 2%
- expected long-term rate of return on plan assets of 6.5%
- rate of compensation increase of 4%

3. Capital Assets

	2001			2000		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 246,002	$ -	$ 246,002	$ 246,002	$ -	$ 246,002
Buildings	38,865,813	14,446,914	24,418,899	38,325,947	13,599,399	24,726,548
Leaseholds	-	-	-	6,000	6,000	-
Equipment, ambulance garages, ambulance radios, vehicles and computers	20,364,848	16,129,659	4,235,189	19,911,917	14,972,079	4,939,838
Construction in progress	13,338,220	-	13,338,220	10,541,224	-	10,541,224
Land improvements	1,046,979	787,458	259,521	1,026,493	750,429	276,064
	$ 73,861,862	$ 31,364,031	$ 42,497,831	$ 70,057,583	$ 29,327,907	$ 40,729,676

4. Long-term Debt

	2001	2000
Mortgage payable to Canada Mortgage and Housing Corporation at 5.43%, due December 1, 2015, monthly payments of $3,933 principal and interest, secured by a mortgage on buildings.	$ 480,049	$ 500,911
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due October 1, 2027, monthly payments of $2,702 principal and interest, secured by a mortgage on buildings.	306,240	308,540
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due October 1, 2027, monthly payments of $1,855 principal and interest, secured by a mortgage on buildings.	210,242	211,821
Mortgage payable to Canada Mortgage and Housing Corporation at 6.19%, due January 1, 2008, monthly payments of $6,985 principal and interest, secured by a mortgage on buildings.	467,070	524,714
Mortgage payable to Canada Mortgage and Housing Corporation at 8.00%, due June 1, 2026, monthly payments of $2,336 principal and interest, secured by a mortgage on buildings.	307,137	310,846
Mortgage payable to Canada Mortgage and Housing Corporation at 10.50%, due March 1, 2028, monthly payments of $4,123 principal and interest, secured by a mortgage on buildings.	451,098	454,053
Mortgage payable to Canada Mortgage and Housing Corporation at 8.00%, due July 1, 2026, monthly payments of $1,778 principal and interest, secured by a mortgage on buildings.	233,900	234,926
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due May 1, 2028, monthly payments of $2,644 principal and interest, secured by a mortgage on buildings.	300,965	300,940
Mortgage payable to Canada Mortgage and Housing Corporation at 6.83%, due October 1, 2016, monthly payments of $4,514 principal and interest, secured by a mortgage on buildings.	521,767	540,191

4. Long-term Debt (continued)

	2001	2000
Mortgage payable to Canada Mortgage and Housing Corporation at 6.875%, due December 1, 2019, monthly payments of $1,369 principal and interest, secured by a mortgage on buildings.	174,041	178,500
Mortgage payable to Canada Mortgage and Housing Corporation at 5.125%, due September 1, 2009, monthly payments of $514 principal and interest, secured by a mortgage on buildings.	-	46,415
Mortgage payable to Canada Mortgage and Housing Corporation at 7.75%, due October 1, 2022, monthly payments of $2,763 principal and interest, secured by a mortgage on buildings.	350,452	353,855
Mortgage payable to Tiger Hills Credit Union Limited, at 6.32%, monthly payments of $8,001 principal and interest, secured by a first charge against the Tiger Hills Villa land and building, a general assignment of all rents and leases and a chattel mortgage covering the appliances in the Tiger Hills Villa.	1,274,459	1,289,199
Mortgage payable to the Royal Bank at 6.95%, due December 3, 2001, monthly payments of $455 principal and interest.	-	59,182
Loan payable to the Royal Bank at 6.00%, due July 5, 2000.	-	4,681,728
Loan payable to the Royal Bank at 6.07%, due July 7, 2000.	-	4,435,440
Loan payable to Royal Bank prime less 0.50%, due April 1, 2007, repayable in monthly instalments of $558 plus interest.	40,092	46,788
Demand loan payable to Royal Bank prime less 0.50%.	614,209	263,366
Loan payable to the Killarney Foundation at 6.25%, due January 1, 2001 repayable in monthly instalments of $747 principal and interest.	-	7,259
Demand loan payable to Royal Bank prime less 0.50%.	23,420	2,512,708
Demand loan payable to Royal Bank prime less 0.50%.	-	480,621

4. Long-term Debt (continued)

	2001	2000
Promissory note payable at 6.13% due March 31, 2017, repayable in monthly installments of $70,312 plus interest on the last business day of each month beginning April, 2001.	13,500,000	-
	19,255,141	17,742,003
Less current portion	(2,004,105)	(12,427,910)
	$ 17,251,036	$ 5,314,093

Principal repayments for the next five years and thereafter are as follows:

2002	$ 2,004,105
2003	1,366,476
2004	1,366,476
2005	1,366,476
2006	1,366,476
Thereafter	11,785,132
	$ 19,255,141

5. Deferred Contributions

Spent and unspent deferred contributions represent restricted capital funding received from Manitoba Health. Donations were received from other sources restricted for the purchase of depreciable capital assets.

	Spent	Unspent	Other	2001	2000
Balance, beginning of year	$ 20,462,478	$ 524,481	$ 2,450,776	$ 23,437,735	$ 23,093,335
Funding Manitoba Health	1,347,705	322,712	-	1,670,417	1,901,944
Donations received	-	-	643,726	643,726	252,370
Interest earned	-	-	59,159	59,159	110,019
Other receipts	-	-	-	-	20,775
Capital asset purchases	424,536	(249,699)	(174,837)	-	-
Re-classification to payables	-	-	(92,927)	(92,927)	-
Amortization	(1,846,105)	-	-	(1,846,105)	(1,940,708)
Balance, end of year	$ 20,388,614	$ 597,494	$ 2,885,897	$ 23,872,005	$ 23,437,735

6. Deferred Income

Deferred income relates to non-capital expenses of future periods and represents unspent resources externally restricted. Deferred income will be recognized when the related expenses are incurred.

	2001	2000
Balance, beginning of year	$ 97,176	$ 71,756
Amount deferred in the year	95,798	97,087
Amount recognized as revenue in the year	(119,607)	(71,667)
Balance, end of year	$ 73,367	$ 97,176

7. Net Assets Invested in Capital Assets

	2001	2000
Cash	$ 425,816	$ 372,796
Capital assets	42,497,831	40,729,676
Due to operating fund	(15,340,320)	(8,575,365)
Long-term debt	(3,864,735)	(9,204,387)
Deferred contributions	(20,968,959)	(20,986,194)
	$ 2,749,633	$ 2,336,526

8. Net Assets Internally Restricted

Represents donations received which do not have a specified purpose. The Board restricts the donations in accordance with the community which provided the donation in order to ensure that the donations are used to support the health programs of that same community.

9. Interfund Transfers

$721,401 of net assets - unrestricted funds were transferred to the net assets invested in capital assets ($689,515) and to internally restricted funds ($31,886) in order to allow for greater capital asset acquisitions.

10. Manitoba Health Operating Income

	2001	2000
Budgeted Items	$ 40,839,385	$ 38,043,107
Current adjustments - In Globe	1,559,283	-
Current adjustments - Out of Globe	328,527	1,453,787
Past adjustments	(26,462)	7,832
Non-budgeted	-	89,044
	$ 42,700,733	$ 39,593,770

11. Financial Information at Different Dates

The following entities have been consolidated into these financial statements as at December 31, 2000 December 31, 1999 respectively.

Baldur Handi-Van Service
Glenboro Handi-Van Service
Hartney Handi-Transit
Souris Handi-Transit
Tiger Hills Handi-van Service

These entities have not been reported as at March 31, 2001 and March 31, 2000, respectively, due to the reporting requirements of their funding agency: The Province of Manitoba - Department of Highways and Transportation. There have been no significant transactions in the intervening period between December 31, 2000 and March 31, 2001 and December 31, 1999 and March 31, 2000, respectively. Details regarding these entities assets, liabilities, net assets as at March 31, 2001 and March 31, 2000, and their revenues and expenses for the three-month intervening period have not been prepared since these entities are not significant to South Westman Regional Health Authority Inc. as a whole.

12. Entities Consolidated based on MHRC Reporting Standards

The financial statements of The Tiger-Hills Villa Inc. are prepared in accordance with the accounting principles required by Manitoba Housing and Renewal Corporation (MHRC). The difference between accounting principles used by Tiger-Hills Villa Inc. and South Westman Regional Health Authority Inc. would not result in significant changes to these financial statements as a whole.

13. Contingencies

The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority.

14. Economic Dependence

South Westman Regional Health Authority Inc. received 81% of its total revenue for the year ended March 31, 2001 from the Manitoba Health.

15. Commitments

A group of hospitals, including the Authority, have formed the Healthcare Insurance Reciprocal of Canada (HIROC) which pools the public liability insurance risks of its members. All members are subject to re-assessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No re-assessments have been made to March 31, 2001.

16. Pension Plan

Substantially all of the employees of the Authority are members of the Health Employees Pension Plan (HEPP), which is a multi-employer defined benefit pension plan. HEPP plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP by placing plan assets in trust and through HEPP investment policy.

The most recent actuarial valuation of the Plan at December 31, 2000 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

17. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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Deloitte & Touche

AUDITORS' REPORT

To the Directors of
Winnipeg Regional Health Authority

We have audited the statement of financial position of Winnipeg Regional Health Authority (the "Authority") as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
June 22, 2001

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2001
(in the thousands of dollars)

	2001	2000
ASSETS		
CURRENT		
Cash and marketable securities	$ 41,642	$ 40,809
Accounts receivable (Note 3)	58,657	84,773
Inventory	5,648	6,049
Prepaid expenses	1,174	1,382
	107,121	133,013
CAPITAL ASSETS, net (Note 4)	264,709	271,455
OTHER ASSETS		
Deferred charges - future employee benefits	102,048	70,066
Cash held in trust for debt service by Manitoba Health	9,375	9,375
Sinking fund reserve (Note 6)	58,811	50,030
Specific purposes funds (Note 7)	23,548	19,287
Nurse recruitment & retention fund (Note 9)	6,022	5,899
Unamortized debenture issue costs	226	260
	200,030	154,917
	$ 571,860	$ 559,385
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Bank indebtedness	$ 702	$ 17,519
Accounts payable and accrued liabilities (Note 5)	81,147	105,796
Current portion of long term debt	10,880	10,778
	92,729	134,093
LONG TERM DEBT (Note 6)	239,688	230,212
ACCRUED FUTURE EMPLOYEE BENEFITS	102,369	69,909
FUNDS DESIGNATED FOR GENERAL PURPOSES	5,269	-
DEFERRED CONTRIBUTIONS (Note 8)	88,689	88,333
SPECIFIC PURPOSES FUNDS (Note 7)	23,548	19,287
NURSE RECRUITMENT AND RETENTION FUND (Note 9)	6,022	5,899
	465,585	413,640
NET ASSETS	13,546	11,652
COMMITMENTS AND CONTINGENCIES (Note 11)		
	$ 571,860	$ 559,385

APPROVED BY THE BOARD

.... Director

.... Director

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Operations
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
REVENUE		
Manitoba Health operating income	$ 1,106,083	$ 1,064,138
Other income (Schedule 1)	41,321	59,211
Amortization of deferred contributions		
Capital assets	24,809	23,946
Future expenses	7,392	5,450
	1,179,605	1,152,745
EXPENSES		
Direct operations (Schedule 2)	547,081	510,854
Amortization of capital assets	24,809	23,946
Interest - long term	18,771	19,859
	590,661	554,659
FACILITY FUNDING		
Acute care facility funding (Schedule 3)	455,569	460,204
Long term care facility funding (Schedule 4)	90,337	69,151
Community health agency funding (Schedule 5)	20,319	15,882
Long term care adult day care program funding	2,502	2,317
Long term care community therapy services	556	394
GRANT FUNDED		
Grants to other facilities and agencies (Schedule 6)	12,967	11,353
OTHER FUNDED		
Year 2000 expenditures	-	24,364
	1,172,911	1,138,324
OPERATING SURPLUS	6,694	14,421
Add		
Non-insured services net revenue	469	1,114
Deduct		
Retainable surplus	(5,269)	-
NET SURPLUS	$ 1,894	$ 15,535

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001								2000
	Investment in Capital Assets	Unrestricted	Internally Restricted					Total	
	(Note 10)		Labour Relations Secretariat	Physician Recruitment	Regional Shared Services	Acute Care Operations	Total Internally Restricted		
Balance, beginning of year	$ 20,468	$ (11,638)	$ 95	$ 1,625	$ 148	$ 956	$ 2,824	$ 11,652	$ (3,898)
Net surplus (deficit)	(1,676)	4,143	-	(573)	-	-	(573)	1,894	15,535
Labour relations secretariat surplus	-	(44)	44	-	-	-	44	-	-
Physician recruitment and retention reserve	-	(915)	-	915	-	-	915	-	-
Net change in investment in capital assets	1,946	(1,513)	-	-	-	(433)	(433)	-	15
Internal restrictions - capital	-	(731)	-	-	-	731	731	-	-
Balance, end of year	$ 20,738	$ (10,698)	$ 139	$ 1,967	$ 148	$ 1,254	$ 3,508	$ 13,548	$ 11,652

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Net Surplus	$ 1,894	$ 15,535
Items not affecting cash		
Amortization of capital items	25,927	25,017
Amortization of deferred contributions related to capital assets	(24,873)	(23,988)
Recognition of deferred contributions related to future expenses	(7,392)	(5,450)
Donation of capital assets	622	-
Amortization of debenture issue costs	34	32
	(3,788)	11,146
Changes in non-cash operating working capital items	(14,254)	11,401
	(18,042)	22,547
FINANCING ACTIVITIES		
Net change in sinking fund reserve	(8,781)	(7,682)
Increase in cash restricted for capital	-	600
Increase in funds designated for general purposes	5,269	-
Increase in nurse recruitment fund liability	513	-
Deferred contributions received		
Capital assets	31,332	57,179
Future expenses	14,346	8,895
Deferred contributions transferred to facilities	(8,991)	(27,967)
Increase in long term debt	9,578	9,397
	43,266	40,422
INVESTING ACTIVITIES		
Acquisition of capital assets	(23,869)	(37,217)
Increase in investment in funds	(522)	-
	(24,391)	(37,[illegible]17)
INCREASE IN CASH AND MARKETABLE SECURITIES	833	25,752
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR	40,809	15,057
CASH AND MARKETABLE SECURITIES, END OF YEAR	$ 41,642	$ 40,809
CASH AND MARKETABLE SECURITIES CONSISTS OF:		
Cash and marketable securities	39,153	37,606
Shared food services project - escrow account	2,489	3,203
	$ 41,642	$ 40,809

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1. NATURE OF BUSINESS

Winnipeg Regional Health Authority (the Authority) was established on December 1, 1999 following amalgamation of the former Winnipeg Community and Long Term Care Authority Inc. (WCA) and the Winnipeg Hospital Authority Inc. (WHA) pursuant to Manitoba's *Regional Health Authorities Act*. The two former Authorities were each incorporated under the Corporations Act of Manitoba on January 6, 1997. Commencing April 1, 1998, the two former Authorities were continued under the Regional Health Authority Act. The Authority is principally involved in providing Acute Care, Community Health, Public Health, Mental Health, Long Term Care and Home Care Services within the Winnipeg Health Region.

Effective April 1, 2000, the Boards of Directors of Health Sciences Centre (HSC) and the Authority transferred the ownership of the assets and liabilities of HSC to the Authority. The Board of Directors of HSC was dissolved and the net assets of HSC were integrated into the Authority.

Effective April 1, 2000 the assets and liabilities of the Urban Shared Services Corporation (USSC) were transferred to the Authority. The former USSC operations are now managed by the Authority and are referred to as Logistics Services.

The Authority is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) *The reporting entity*

The Authority provides health care services to the City of Winnipeg through the HSC site and the other acute care facilities (Concordia Hospital, Deer Lodge Centre, Inc., Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital, The Salvation Army Grace Hospital, Seven Oaks General Hospital, and Victoria General Hospital) ("the Hospitals") and also through its direct service operations of Home Care, Mental Health and Public Health offered through community offices within the Winnipeg region that are directly operated by the Authority.

Effective April 1, 1998, the Authority became the majority funder of the Hospitals. The Hospitals are the agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority. As permitted by Canadian generally accepted accounting principles, Hospitals have not been consolidated into the Authority's financial statements. Note 12 provides a financial summary of these controlled non-consolidated entities for the year then ended.

The prior year comparative figures for the year ended March 31, 2000 have been adjusted to include the financial information of HSC and USSC for the March 31, 2000 year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions.

Under the Health Insurance Act and Regulations thereto, the Authority is funded by the Province of Manitoba in accordance with funding arrangements established by Manitoba Health (the Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Department with respect to the year ended March 31, 2001.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

c) Investments

Investments in marketable securities are recorded at cost. Market value of the investments at March 31, 2001 is $20,574 (cost - $20,456) 2000 - $20,787 (cost - $20,672).

d) Medical, drugs and other supplies

Medical, drugs and other supplies are valued at cost.

e) Linen and bedding inventory

Linen and bedding inventory is recorded at cost and expensed when put into use.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis using an annual rate of:

Furniture	10%
Leasehold Improvements	over the life of the lease
Computer hardware/software	20%
Major equipment	10-33%
Office furniture	10%
Facility upgrades	5%
Building	2.5%
Start-up costs	33%

2. SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

g) *Debenture issue costs*

Debenture issue costs are amortized over the term of the debentures.

h) *Pension expense*

The Authority participates in a multi-employer pension plan. Pension expense is equal to the Authority's annual funding of the pension plan.

i) *Financial instruments*

Credit Risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority's accounts receivable are comprised mostly of amounts due from the government of Manitoba.

j) *Retirement entitlement obligation*

Commencing April 1, 2000, the Authority prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Authority has a contractual commitment to pay out to employees four days salary per year of service upon retirement subject to meeting certain criteria.

The Authority has recorded an accrual based on an acturial valuation that includes employees who qualify at the year-end balance sheet data and an estimate for the remainder of employees who have not yet met the required criteria. Funding for the retirement entitlement is recoverable from Manitoba Health in the year of payment. The cumulative effect of adopting the new recommendations was to increase deferred charges – future employee benefits and the accrued future employee benefits by $32,460.

In accordance with the change in accounting, the Authority undertook an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.5% and a rate of salary increase of 4.0% plus age related merit/promotion scale with nil for disability.

k) *Deferred charges – future employee benefits*

The Authority records a provision for future employee benefits including accrued vacation entitlements, accrued overtime and accrued retirement entitlement obligations. Funding for the future employee benefits is recoverable from Manitoba Health as a component of salary costs in the period in which the expenditures are made. Accordingly, the cost of the estimated accrued vacation pay, overtime and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

2. SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

l) Surplus Retention and Use Policy

In accordance with the Authority's Surplus Retention and Use Policy, 50% of the insured services operating surplus for the current fiscal year of Acute Care Operations and Controlled Entities are carried on the Statement of Financial Position until such time as the Authority reviews the audited financial statements of its Controlled Entities. At that time, the Authority will confirm with the controlled entity the amounts of the retainable surplus.

m) Due from Manitoba Health

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the statement of financial position as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority or repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the statement of financial position as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Authority. Any unapproved costs not paid by Manitoba Health are absorbed by the Authority.

3. ACCOUNTS RECEIVABLE

	2001	2000
Manitoba Health		
Operating and Capital	$ 38,198	$ 63,719
Nurse Recruitment and Retention Fund	839	-
	39,037	63,719
Provincial Year 2000 Project	(5)	3,270
Other	19,625	17,784
	$ 58,657	$ 84,773

4. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 4,516	$ -	$ 4,516	$ 5,138
Buildings	274,382	97,763	176,619	181,523
Land & building improvements	3,767	1,845	1,922	1,848
Equipment	217,069	170,091	46,978	55,525
Computer hardware	3,243	1,095	2,148	394
Computer software	1,150	602	548	756
Furniture	1,460	191	1,269	712
Leasehold improvements	-	-	-	62
Facility upgrades	4,238	354	3,884	2,626
Construction in progress	26,350	-	26,350	21,465
Start-up costs	2,817	2,342	475	1,406
	$ 538,992	$ 274,283	$ 264,709	$ 271,455

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2001	2000
Accounts payable and accrued liabilities	$ 57,418	$ 95,059
Accrued salaries	14,224	1,607
Accrued interest on long term debt	8,458	8,459
Holdbacks on construction contracts	193	462
Unearned revenue	854	209
	$ 81,147	$ 105,796

6. LONG-TERM DEBT

	2001	2000
a) Bank loans payable consist of the following: Demand bank loans for capital projects in anticipation of the future issuance of long-term debentures by Manitoba Health	$ 8,592	$ 27,421
b) Debentures payable consist of the following:		
13.40% Sinking fund debentures maturing 2004, annual payments of $1,100	$ 50,000	$ 50,000
10.00% Sinking fund debentures maturing June 11, 2011, retractable at 10.25% to June 11, 2001, annual payments of $625	25,000	25,000

6. LONG-TERM DEBT (continued)

b) Debentures payable (continued)

	2001	2000
7.50% debentures maturing July 31, 2001, annual payments of $3,500	100,000	100,000
6.50% debentures maturing November 30, 2014, annual payments of $2,143	30,000	-
	$ 205,000	$ 175,000

c) Mortgages payable consist of the following:

	2001	2000
8.25% mortgage, terms renewable in August 2001, Emily Street Parkade	$ 11,515	$ 11,877
6.88% mortgage maturing 2020, Harry Medovy House	539	553
6.47% mortgage, maturing June 2004, William Avenue Parkade	1,038	1,314
7.38% Mortgage payable monthly instalments of $157 maturing on August 31, 2018	18,473	18,976
7.04% Mortgage payable monthly instalments of $57 maturing on October 31, 2006	3,176	3,624
6.86% Mortgage payable, monthly instalments of $21 maturing on October 31, 2003	601	807
	$ 35,342	$ 37,151
Long term deposits	$ 1,634	$ 1,418
Less amounts due within one year, included in current liabilities	(10,880)	(10,778)
	$ 239,688	$ 230,212

At March 31, 2001 the carrying value of the sinking fund reserves and accumulated interest aggregated $58,811 (2000 - $50,030). Annual payments are made by the Authority/Manitoba Health from cash held in trust. The aggregate balance in the sinking fund reserves for the first two debentures will be sufficient to retire the associated sinking fund debentures at maturity. The aggregate balance in the sinking fund reserve for the third debenture will be insufficient to retire the associated sinking fund debentures at maturity and, as a result, it is the intention of Manitoba Health to refinance this debenture at maturity for an additional fifteen years.

6. LONG-TERM DEBT (continued)

d) The principal repayments over the next five years are as follows:

2002	$ 10,880
2003	10,972
2004	60,625
2005	9,525
2006	9,253

Certain of the long-term debt instruments contain various restrictive covenants.

7. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	2001	2000
Cash and marketable securities, at cost	$ 23,548	$ 19,287

The Authority maintains numerous research, trust and clearing accounts designated for specific purposes. An analysis of the changes in funds designated for specific purposes is as follows:

	2001	2000
Balance, beginning of year	$ 19,287	$ 18,075
Grants, bequests and donations	15,637	12,909
Investment income	1,365	1,146
Disbursements	(12,741)	(12,843)
Balance, end of year	$ 23,548	$ 19,287

Certain of the funds designated for specific purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact, or that the principal be used for specifically stated purposes.

8. DEFERRED CONTRIBUTIONS

	2001	2000
Deferred contributions, future expenses	$ 11,457	$ 4,763
Deferred contributions, capital	77,232	83,570
Deferred contributions, total	$ 88,689	$ 88,333

8. DEFERRED CONTRIBUTIONS (continued)

a) Deferred contributions, future expenses

		2001		2000
Balance, beginning of year	$	4,763	$	1,318
Amount received during the year		14,346		8,895
Less amount recognized as revenue in the year		(7,392)		(5,450)
Less: Prior year reclassification		(260)		-
Balance, end of year	$	11,457	$	4,763

b) Deferred contributions, capital

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants received for the purchase of the Authority's capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2001		2000
Balance, beginning of year	$	83,570	$	78,346
Contributions received		31,332		57,179
Deferred contributions removed on donations of assets		(4,066)		-
Amounts transferred to facilities for capital purchases		(8,991)		(27,967)
Amounts amortized to revenue – Programs		(24,809)		(23,946)
Amounts amortized to revenue – Ancillary operations		(64)		(42)
Add: Prior year reclassification		260		-
Balance, end of year	$	77,232	$	83,570

9. NURSE RECRUITMENT AND RETENTION FUND

In 2000, Manitoba Health had established a $7 million Nurse Recruitment and Retention Fund in order to assist with the implementation of recruitment and retention strategies for nurses throughout Manitoba. The Authority holds, invests and disburses funds on behalf of the Nurse Recruitment and Retention Committee. The Fund is administered by a tri-partite committee comprised of the Regional Health Authorities of Manitoba, Manitoba Health, and the Manitoba Nurses Union. The Authority can only disburse funds upon authorization of the Committee.

		2001		2000
Balance, beginning of year	$	5,899	$	7,000
Additions to fund		1,505		-
Interest earned on investment		411		341
Fund expenditures		(1,793)		(1,442)
Balance, end of year	$	6,022	$	5,899

10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2001	2000
Capital assets	$ 237,884	$ 248,584
Start-up costs	475	1,406
Construction and other projects in progress	26,350	21,465
Amounts financed by:		
Sinking fund	58,811	50,030
Cash held in trust by Manitoba Health for debt service	9,375	9,375
Deferred contributions	(77,232)	(83,570)
Loans and accounts payable	(234,927)	(226,824)
	$ 20,736	$ 20,466

Change in net assets invested in capital assets is calculated as follows:

	2001	2000
a) Net surplus (deficit)		
Amortization of capital assets included in programs	$ (24,809)	$ (23,946)
Amortization of capital assets included in ancillary operations	(1,118)	(1,071)
Amortization of deferred contributions related to capital assets included in programs	24,809	23,946
Amortization of deferred contribution related to capital assets included in ancillary operations	64	42
Donation of capital assets	(622)	-
	$ (1,676)	$ (1,029)
b) Purchase of capital assets	$ 23,869	$ 37,217
Amounts funded by:		
Increase in capital contributions receivable	418	(1,322)
Capital contributions received	(31,332)	(57,179)
Amounts transferred out	8,991	27,967
	$ 1,946	$ 6,683
Change in net assets	$ 270	$ 5,654

11. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to legal action arising in the normal course of business. It is not expected that this legal action will have a material adverse affect on the financial position of the Authority.

b) At March 31, 2001, minimum annual lease payments of the Authority under the operating lease for the premises at 155 Carlton Street expiring May 31, 2009 are $416 (2000 - $416) and aggregate $3,398 (2000 - $3,815).

c) The Authority had capital commitments of approximately $8,318 (2000 - $1,566) and equipment purchase commitments of approximately $3,985 (2000 - $4,264) outstanding at March 31, 2001.

d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five years are as follows:

2002	$ 690
2003	313
2004	119
2005	28
2006	-

12. CONTROLLED ENTITIES INFORMATION

A financial summary of the acute care facilities which have not been consolidated with the accounts of the Authority is as follows:

Financial position	2001	2000
Assets	$ 515,310	$ 566,978
Liabilities	475,780	521,770
Total net assets	$ 39,530	$ 45,208
Results of operations:		
Total revenues	$ 512,091	$ 492,818
Total expenses	512,124	493,082
Deficit from operations	(33)	(264)
Ancillary operations:		
Total revenues	23,310	18,083
Total expenses	21,171	16,912
Surplus from ancillary operations	2,139	1,171

12. CONTROLLED ENTITIES INFORMATION (continued)

	2001	2000
Surplus refundable to the Authority	(285)	-
Prior years' (funding recovery)/deficit support	(849)	11,572
Total surplus	$ 972	$ 12,479
Cash flows:		
From operating activities	$ 36,664	$ 39,156
Cash used for financing & investing	(22,643)	(24,024)
Increase in cash	$ 14,021	$ 15,132

13. PENSION PLAN

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (HEPP) or the Civil Service Superannuation Plan (CSSP). HEPP is a multi-employer defined benefit pension plan, which is accounted for as a defined contribution plan. The plan is available to all eligible employees of the participating members of the Authority. Former civil servants transferred to the Authority could elect to remain members of the Civil Service Superannuation Plan which is a government based defined benefit pension plan which is accounted for as a defined contribution plan. All new Authority employees are eligible to join HEPP and not the CSSP.

The most recent actuarial valuation of HEPP at January 1, 2000 indicates the plan is fully funded. The CSSP is unfunded and requires no contributions by the Authority.

14. ECONOMIC DEPENDENCE

The Authority received approximately 98% of its total revenue from the Department and is economically dependent on the Department for continued operations.

15. RELATED PARTY TRANSACTIONS

The Authority is responsible for the overall management of health care services provided in the Winnipeg Health Region. Programs are delivered in the region by the Authority through its direct service operations, by acute care facilities through an operating agreement, by non-proprietary personal care homes and community health agencies through a service purchase agreement as well as through a number of non-profit organizations through a grant funding mechanism. The Authority transacts business on a regular basis with the organizations and agencies in the normal course of operations.

16. RELATED ENTITIES

The Authority has an economic interest in both the Health Sciences Centre Foundation Inc. (HSCF) and the Children's Hospital Foundation of Manitoba Inc. (CHFM).

Both foundations are incorporated under the Corporations Act of Manitoba and are registered charities for the purposes of the Income Tax Act and accordingly exempt from income taxes. The foundations' aims and objectives are to raise, invest and allocate funds generally to or for the benefit of the Health Sciences Centre. The financial statements of the foundations have not been included in these statements.

HSCF distributes funds for research projects through a number of institutions. During the year $119 (2000 - $185) in funds were distributed through HSC. HSCF also administers payments to medical researchers that work at HSC on a fee for service basis. The fees paid to HSCF during the year by HSC for this service amounted to $11 (2000 - $11).

During the year, CHFM contributed $411 (2000 - $400) to HSC to assist with activities at the Children's Hospital.

17. HIROC

On July 1, 1987, a group of health care organization "subscribers", formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2001.

18. SUBSEQUENT EVENTS

In 2001, the Authority entered into negotiations with the owners and principals of the Pan Am Clinic to purchase 100% of the assets and liabilities as at March 31, 2001. As of June 22, 2001, these negotiations have not resulted in a binding purchase commitment. The financing for this proposed purchase transaction is awaiting approval from the Treasury Board of the Government of the Province of Manitoba.

On April 1, 2001, the Authority executed a Windup and dissolution of the Winnipeg Hospitals Laundry Ltd (WHLL) under Sections 203(3), 203(4) and 136(1) of the Manitoba Corporations Act (MCA). As the sole shareholder of WHLL at April 1, 2001, the Authority obtains direct ownership of all of the assets and outstanding liabilities of WHLL from April 1, 2001 forward.

18. SUBSEQUENT EVENTS (continued)

On April 30, 2001, the Authority executed a Windup and dissolution agreement of the Selkirk Linen Services Incorporated ("SLSI") under Sections 277(2), 203(4) and 136(1) of the MCA . As this corporation was previously owned by members external to the Authority, a special distribution of assets was made through Section 277(2) of the MCA. The Authority obtains direct ownership of all of the assets and outstanding liabilities of SLSI from April 30, 2001 onward.

19. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 1 - Other Income
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
Separately funded primary health programs	$ 1,936	$ 1,470
Logistics services recoveries	19,676	18,178
Year 2000 funding	-	24,364
Other income	19,709	15,199
	$ 41,321	$ 59,211

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 2 - Direct Operations Expenses
For The Year Ended March 31, 2001
(in the thousands of dollars)

DIRECT OPERATIONS:	2001	%	2000	%
Regional health authority expenses	$ 11,115	2.0%	$ 9,712	1.9%
Regional food & contracting services	19,025	3.5%	16,478	3.2%
Acute care operations	314,415	57.5%	300,156	58.8%
Acute care medical remuneration	75,638	13.8%	63,919	12.5%
Community based home care services	105,431	19.3%	99,736	19.5%
Community based mental health services	3,742	0.7%	3,558	0.7%
Community based long term care services	4,841	0.9%	4,325	0.8%
Community based primary health services	10,024	1.8%	10,033	2.0%
Separately funded primary health programs	1,936	0.4%	1,470	0.3%
Transition	914	0.2%	1,467	0.3%
	$ 547,081	100.0%	$ 510,854	100.0%

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 3 - Acute Care Facility Funding

For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
Concordia Hospital	$ 31,789	$ 31,613
Deer Lodge Centre	29,643	29,554
Grace General Hospital	52,592	55,181
Manitoba Adolescent Treatment Centre	7,361	6,184
Misericordia Health Centre	26,653	30,833
Riverview Health Centre	31,922	31,833
Seven Oaks General Hospital	47,520	45,779
St. Boniface General Hospital	183,246	182,017
Victoria General Hospital	44,843	47,210
Total Acute Care Facility Funding	$ 455,569	$ 460,204

Note: Funding provided in 2000 includes prior years' deficit support of $31 million for 1997/98 and 1998/99.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Long Term Care Facility Funding

For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
Bethania	$ 4,825	$ 4,630
Calvary Place	4,139	1,200
Concordia	5,227	1,638
Convalescent Home	2,084	1,881
Deaf Centre	2,044	1,117
Donwood Manor	3,671	3,424
Foyer Valade	3,530	3,035
Fred Douglas	3,926	3,318
Golden Links	2,591	2,129
Golden West	3,005	2,937
Holy Family	8,697	7,394
Lions Manor	4,054	1,331
Luther Home	2,175	2,072
Meadowood	2,153	2,085
Middlechurch	5,729	5,422
Misericordia Place	3,407	678
Park Manor	2,871	2,749
Sharon Home	6,029	5,015
St. Joseph's	2,791	2,641
Tache	11,473	9,685
West Park	3,345	3,237
Supportive Housing	2,019	1,533
Miscellaneous funding adjustments	552	-
Total	$ 90,337	$ 69,151

The facility funding reported on the schedule reflects approximately 75% of the personal care homes total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Community Health Agency Funding
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
Health Action Centre	$ 2,268	$ 2,094
Hope Centre	647	496
Klinic	3,010	2,258
Main Street Project	1,252	1,092
Manitoba Cardiac Institute	-	349
MFL Occupational Health	689	561
Mount Carmel Clinic	5,370	4,062
Nor'West Co-op	878	639
Rehab Centre	1,774	1,673
Village Clinic	1,127	275
Women's Health Centre	1,040	866
Youville Clinic	1,730	1,690
Sexuality Education Resource Centre	354	-
Miscellaneous funding adjustments	180	(173)
Total	$ 20,319	$ 15,882

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Grants to Facilities and Agencies
For The Year Ended March 31, 2001
(in the thousands of dollars)

	2001	2000
Age & Opportunity Centre Inc.	$ 447	$ 447
AGR Health Services to Seniors	29	29
Bethel Place	30	30
Bluebird Service Club	7	3
Bonivital Council for Seniors	27	33
Broadway Seniors Resource Council Inc.	27	29
Brooklands/Weston Community Resource	14	18
Canadian Mental Health Association	864	847
Charleswood Senior Centre	11	-
Chez Nous Inc.	11	11
City of Winnipeg - Emergency Services	4,078	2,812
Clubhouse of Winnipeg Inc.	362	320
Columbus Manor	11	10
Community Therapy Services	178	174
Creative Retirement Manitoba	16	26
Deaf Centre Manitoba Inc.	25	10
Fort Garry Services Inc.	11	6
Foyer Vincent Inc.	12	12
Friendly Neighbour Council	27	26
Friends Housing Inc.	70	49
Good Neighbours Senior Centre Inc.	28	29
Gwen Secter Creative Living Centre	39	39
Independent Living Resource Centre	239	234
Jocelyn House	42	41
Kingsford Haus Co-op Ltd.	11	7
L'Accueil Colombien Inc.	13	13
Lions Club	27	26
Manitoba Association of Multipurpose Senior Centres	2	2
Manitoba Cardiac Institute (Reh-fit)	440	349
Manitoba Eastern Star Chalet	7	7
Manitoba Housing Authority	232	232
MacDonald Youth Services	289	283
Mach Diabetes	15	-
Meals on Wheels of Winnipeg Inc.	141	138
Metropolitan Kiwanis Courts	11	11
Middlechurch Home of Winnipeg	27	29
North Winnipeg Community Council	31	33
River East Council for Seniors	20	15
Rose & Max Rady Jewish Community Centre	16	15
Ruperts Land Caregiver Services	18	20
S.S.C.O.P.E. Incorporated	86	84
Salvation Army	1,772	1,545
Sara Riel Inc.	1,463	1,366
Seniors Home Help Inc.	48	50
Seneca House	297	321
Serena Manitoba Inc.	11	-
Sexuality Education Resource Centre	-	239
South Winnipeg Senior Resource Council Inc.	13	17
St. Amant Centre	13	13
St. James/Assiniboia Senior Centre Inc.	115	115
Stay Young Centre	16	16
Ten Ten Sinclair Housing Inc.	892	848
Transcona Council for Seniors	20	19
University of Manitoba	30	30
University of Manitoba - Library Services	60	60
Villa Cabrini Inc.	22	23
Villa Nova	7	-
Villa Tache	20	4
Villa Vita Inc.	25	24
Village Clinic	-	14
YW/YMCA of Winnipeg	152	150
Total	$ 12,967	$ 11,353

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 7 - Supplementary Information

For The Year Ended March 31, 2001
(unaudited)
(in the thousands of dollars)

	2001	2000
REVENUE		
Manitoba Health operating income	$ 1,106,083	$ 1,020,652
Other government revenue	3,658	7,145
Province of Manitoba year 2000 recoveries	8	12,637
Radiology fee for service	6,796	6,131
Patient services (includes patient and resident income)	18,496	16,856
Amortization of deferred contributions	49,578	44,123
Other revenue	52,550	28,740
Total Revenue	1,237,169	1,136,284
EXPENSES		
Salaries, wages, employee benefits and levy	685,856	652,017
Medical remuneration	75,857	64,790
Printing, stationary & office supplies	7,736	7,049
Housekeeping, laundry and linen	7,937	7,788
Utilities, insurance and taxes	22,668	14,602
Food and dietary supplies	17,057	12,116
Medical and surgical supplies	56,945	52,554
Pharmaceutical supplies	43,360	44,303
Diagnostic supplies	13,838	13,655
Miscellaneous and other	41,838	32,395
Repairs and maintenance (includes equipment, building and grounds)	21,144	19,782
Referred out services	15,736	22,819
Radiology fee for service costs	6,735	6,142
Interest	36,406	33,074
Amortization of capital assets	49,603	44,457
Year 2000 expenditures	-	7,946
Non-acute care facility and grant funding	127,792	98,272
Total Operating Costs	1,230,508	1,133,761
SURPLUS FROM OPERATIONS	6,661	2,523
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	23,780	33,115
Ancillary operations expenses	21,171	30,627
Surplus from ancillary operations	2,609	2,488
PRIOR YEAR DEFICIT SUPPORT	(849)	31,183
Retainable surplus	(5,269)	
SURPLUS FOR THE YEAR	$ 3,152	$ 36,194

Note: The amounts reported on this schedule reflect the consolidated financial results of the Authority, (including HSC) and the other acute care facilities funded by the Authority through an operating agreement.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 8 - Supplementary Information - Program Basis

For The Year Ended March 31, 2001
(unaudited)
(in the thousands of dollars)

	2001	2000
REVENUE		
Manitoba Health operating income	$ 1,106,083	$ 1,020,652
Other government revenue	3,658	7,145
Province of Manitoba year 2000 recoveries	8	12,637
Radiology fee for service	6,796	6,131
Patient services (includes patient and resident income)	18,496	16,856
Amortization of deferred contributions	49,578	44,123
Other revenue	52,550	28,740
Total Revenue	1,237,169	1,136,284
EXPENSES		
Program costs		
Anesthesia	5,223	4,985
Child care	50,114	44,936
Critical care	35,655	32,922
Diagnostic imaging	36,183	37,662
Emergency	34,624	33,194
Family medicine	47,597	30,485
Laboratories	44,032	39,887
Medicine	61,603	58,642
Dialysis	28,765	25,976
Mental health	24,817	24,413
Oncology	8,686	9,293
Psychogeriatrics	1,429	1,403
Psychology	2,422	2,245
Rehab/geriatrics	40,677	36,894
Surgery	124,480	115,582
Women's health	34,786	33,686
Long term care	31,707	31,096
Residents and interns	17,783	14,169
Other diagnostic and therapeutic services	21,012	18,202
Pharmacy	17,372	14,893
Community based home care services	105,431	99,736
Community based mental health services	3,742	3,558
Community based primary health services	10,024	10,033
Separately funded primary health programs	1,936	1,470
	790,100	725,362

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 8 - Supplementary Information - Program Basis

For The Year Ended March 31, 2001
(unaudited)
(in the thousands of dollars)

	2001	2000
Indirect service costs		
Administrative and support services	30,426	40,293
Clinical and non-clinical support services	56,165	60,658
Information services	12,034	12,791
Facility services	88,203	81,157
Research and education services	3,970	4,719
	190,798	199,618
Other costs		
Regional health authority costs	11,115	9,712
Regional food & contracting services	19,025	
Non-acute care facility and grant funding	127,792	98,272
Other costs	5,669	23,266
Interest	36,406	33,074
Amortization of capital assets	49,603	44,457
	249,610	208,781
Total operating expenses	1,230,508	1,133,761
SURPLUS FROM OPERATIONS	6,661	2,523
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	23,780	33,115
Ancillary operations expenses	21,171	30,627
Surplus from ancillary operations	2,609	2,488
PRIOR YEAR DEFICIT SUPPORT	(849)	31,183
SURPLUS REFUNDABLE TO WRHA	(5,269)	
SURPLUS FOR THE YEAR	$ 3,152	$ 36,194

Note: The amounts reported on this schedule reflect the consolidated financial results of the Authority, (including HSC) and the other acute care facilities funded by the Authority through an operating agreement.

Deloitte
& Touche

AUDITORS' REPORT

To the Board of Directors of
Rehabilitation Centre For Children, Inc.

We have audited the statement of financial position of the Rehabilitation Centre For Children, Inc. as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
May 14, 2001

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Financial Position

March 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash	$ 76,973	$ 95,064
Accounts receivable (Note 3)	428,233	360,595
Inventory	137,882	150,689
Prepaid expenses	2,457	3,390
Deferred charges - future employee benefits (Note 2d)	373,954	131,771
	1,019,499	741,509
RESTRICTED CASH (Note 8a)	21,509	12,159
CAPITAL ASSETS (Note 4)	113,905	85,653
	$ 1,154,913	$ 839,321
LIABILITIES		
CURRENT		
Accounts payable	$ 173,274	$ 182,616
Accrued future employee benefits (Note 2d)	373,954	131,771
	547,228	314,387
DEFERRED CONTRIBUTIONS (Note 5)	121,261	75,070
	668,489	389,457
NET ASSETS		
Invested in capital assets (Note 8a)	14,153	22,742
Unrestricted	472,271	427,122
	486,424	449,864
	$ 1,154,913	$ 839,321

APPROVED BY THE BOARD

R. Anderson .... Director

.... Director

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Operations

Year Ended March 31, 2001

	2001	2000
REVENUE		
Patient services - Winnipeg Regional Health Authority	$ 1,764,907	$ 1,683,741
Sales of orthotics and prosthetics	522,849	455,620
Restricted donations		
Variety Club of Manitoba Tent 58	83,621	82,600
Rehabilitation Centre for Children Foundation Incorporated	97,311	68,153
Sales of assistive devices	118,445	89,251
School therapy program	1,057,804	1,046,205
Miscellaneous	67,616	56,915
	3,712,553	3,482,485
EXPENDITURES		
Salaries	1,639,708	1,577,429
Employee benefits and costs	233,991	265,524
Orthotics and prosthetics supplies	89,428	80,129
Special devices supplies	181,672	151,092
Other supplies and expenses	176,878	140,456
Restricted expenditures		
Variety Club Manitoba Tent 58 - prosthetics	83,621	82,600
Rehabilitation Centre for Children Foundation Incorporated	97,311	68,153
School therapy salaries and other costs	1,030,796	1,046,145
Repairs and maintenance	32,152	27,883
Utilities, insurance and taxes	68,144	52,193
Purchased services	42,467	22,753
	3,676,168	3,514,357
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE THE FOLLOWING	36,385	(31,872)
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions	22,222	16,298
Amortization of capital assets	(30,811)	(26,972)
Interest income	8,764	3,615
	175	(7,059)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	$ 36,560	$ (38,931)

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Changes in Net Assets

Year Ended March 31, 2001

	2001			2000
	Invested in Capital Assets	Unrestricted	**Total**	Total
Balance, beginning of year	$ 22,742	$ 427,122	**$ 449,864**	$ 488,795
Excess of revenue over expenditures (expenditures over revenue) (Note 8)	(8,589)	45,149	**36,560**	(38,931)
Balance, end of year	$ 14,153	$ 472,271	**$ 486,424**	$ 449,864

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Cash Flows

Year Ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Net excess of revenue over expenditures (expenditures over revenue)	$ 36,560	$ (38,931)
Add charges (deduct credits) to operations not requiring a current cash payment		
Amortization of capital assets	30,811	26,972
Amortization of deferred contributions	(22,222)	(16,298)
	45,149	(28,257)
Net change in non-cash working capital balances related to operations	(63,240)	162,466
	(18,091)	134,209
FINANCING AND INVESTING ACTIVITIES		
Increase in deferred contributions related to capital assets	68,413	36,575
Changes in cash restricted for purchases of capital assets	(9,350)	11,392
Purchase of capital assets	(59,063)	(47,967)
	-	-
NET (DECREASE) INCREASE IN CASH POSITION	(18,091)	134,209
CASH POSITION, BEGINNING OF YEAR	95,064	(39,145)
CASH POSITION, END OF YEAR	$ 76,973	$ 95,064

1. NATURE AND OBJECTIVES OF THE CENTRE

The Rehabilitation Centre for Children, Inc. was incorporated by Articles of Incorporation under the Corporations Act of Manitoba on March 2, 1981, without authorized share capital and is a registered charity under the Income Tax Act.

The Mission of the Rehabilitation Centre for Children, Inc. is to improve the quality of life, through excellence in rehabilitation services, for Manitoba's children with physical disabilities.

We will achieve this mission through direct service, education and services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Funding from Winnipeg Regional Health Authority*

Under the Health Services Insurance Act, 1970, the Centre is funded during the year by the Winnipeg Regional Health Authority for the total of its approved budgeted expenses, excluding school therapy expenses, as determined by the Winnipeg Regional Health Authority. The Centre is entitled to retain surpluses up to a maximum of 2% of Winnipeg Regional Health Authority approved programs.

b) *Inventory*

Inventory is valued at the lower of cost or replacement cost.

c) *Capital assets*

Equipment acquired April 1, 1981 is recorded at a nominal value. Additions to equipment subsequent to April 1, 1981 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Building and building service equipment	20 years
Equipment and furniture	5 - 10 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Retirement entitlement obligation

Commencing April 1, 2000, the Centre prospectively applied the new accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

The Centre has a contractual commitment to pay out to employees four days salary per year of service upon retirement subject to meeting certain criteria.

The Centre has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the required criteria. Funding for the retirement entitlement is recoverable from the Winnipeg Regional Health Authority in the year of payment. The cumulative effect of adopting the new recommendations was to increase deferred charges - future employee benefits and the accrued future employee benefits by $217,531.

In accordance with the change in accounting, the Centre undertook an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the Centre's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.5% and a rate of salary increase of 4.0% plus age related merit/promotion scale with nil for disability.

e) Deferred charges – future employee benefits

The Centre records a provision for future employee benefits including accrued vacation entitlements, accrued overtime and accrued retirement entitlement obligations. Funding for the future employee benefits is recoverable from the Winnipeg Regional Health Authority as a component of salary costs in the period in which the expenditures are made. Accordingly, the cost of the estimated accrued vacation pay, overtime and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Revenue recognition

The Centre follows the deferral method of accounting for contributions which includes donations and government grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same rate as the corresponding capital asset.

g) Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. In addition, the Centre is exposed to credit risk from its customers. However, the Centre has a large number of customers which minimizes the concentration of credit risk.

3. ACCOUNTS RECEIVABLE

	2001	2000
Patient services	$ 105,410	$ 63,405
School divisions	141,607	165,541
Manitoba Health		
Operations	37,792	37,792
Patient services	94,991	71,491
Winnipeg Regional Health Authority		
Operations	23,285	-
Due from Rehabilitation Centre for Children Foundation Incorporated (Note 7)	20,354	12,901
Other	4,794	9,465
	$ 428,233	$ 360,595

The Centre estimates that it will recover $23,285 for the 2001 fiscal year when the Winnipeg Regional Health Authority completes its review and adjustment for the current year. The Centre estimates that it will recover $3,115 for the 1998 fiscal year, $28,939 for the 1996 fiscal year and $5,738 for the 1995 fiscal year when Manitoba Health completes its review and adjustments for these years. These amounts have been recorded in the accounts of the respective years.

4. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land, building and building service equipment	$ 207,401	$ 207,400	$ 1	$ 1
Equipment and furniture	486,790	372,886	113,904	85,652
	$ 694,191	$ 580,286	$ 113,905	$ 85,653

5. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded in the statement of operations. Changes in the deferred contributions are as follows:

	2001	2000
Balance, beginning of year	$ 75,070	$ 54,793
Add: contributions	68,413	36,575
Less: amounts amortized to revenue	(22,222)	(16,298)
	$ 121,261	$ 75,070

6. PENSION PLAN

Substantially all of the employees of the Centre are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of services and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at January 1, 2001 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $111,147 (2000 $101,339) and are included in the statement of operations.

7. RELATED ENTITIES

The Rehabilitation Centre for Children Foundation Incorporated (the Foundation) exists solely to support the activities of the Rehabilitation Centre for Children, Inc. The Chair of the Centre's Board of Directors sits as a Director on the Foundation's 15 member Board. The Foundation is incorporated under the Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The Foundation may, at its discretion, fund specific projects of the Centre but such funding is for restricted purposes and is not available for general operating activities.

8. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2001	2000
Restricted cash	$ 21,509	$ 12,159
Capital assets	113,905	85,653
Amounts financed by deferred contributions	(121,261)	(75,070)
	$ 14,153	$ 22,742

b) Change in net assets invested in capital assets is calculated as follows:

Excess of expenses over revenue		
Amortization of deferred contributions related to capital assets	$ 22,222	$ 16,298
Amortization of capital assets	(30,811)	(26,972)
	(8,589)	(10,674)
Net change in investment in capital assets		
Cash	9,350	(11,392)
Purchase of capital assets	59,063	47,967
Deferred contributions	(68,413)	(36,575)
	-	-
	$ (8,589)	$ (10,674)

9. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of the Special Operating Agencies Financing Authority

We have audited the combined balance sheet of the Special Operating Agencies Financing Authority at March 31, 2001 and the combined statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
July 24, 2001

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Balance Sheet

(In Thousands) March 31	2001	2000
Assets		
Current:		
Cash	$ 2,153	$ 2,496
Term deposits with the Minister of Finance (Note 3)	24,281	19,034
Customer deposits	1,271	1,122
Accounts receivable (Note 4)	11,308	11,528
Inventories	5,173	3,973
Prepaid expenses	1,530	1,502
	45,716	39,655
Capital assets (Note 5)	43,977	41,738
Long-term investment	-	1,500
Receivable from the Province of Manitoba (Note 6)	5,102	5,062
Deferred contributions - Province of Manitoba (Note 9)	-	1,025
	$ 94,795	$ 88,980
Liabilities		
Current:		
Working capital advances (Note 7)	$ 8,746	$ 7,412
Accounts payable and accruals	12,131	10,710
Accounts payable - Province of Manitoba (Note 9)	6,966	-
Unearned revenue	2,009	1,722
Current portion of long-term debt	4,327	5,243
	34,179	25,087
Long-term debt - Province of Manitoba (Note 8)	9,112	7,910
Pension liability (Note 9)	-	7,266
Severance liability (Note 10)	3,916	3,676
	47,207	43,939
Equity (Note 11)		
Contributed equity	17,661	17,661
Reserve funds (Note 12)	1,170	935
Retained earnings	28,756	26,445
	47,588	45,041
	$ 94,795	$ 88,980

Commitments (Note 13)
Contingent liability (Note 14)

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Income and Retained Earnings

(In Thousands)

Year Ended March 31	2001	2000
Special Operating Agencies Financing Authority		
Revenue		
Annual levy	$ 14	$ 11
Treasury Board Secretariat contribution	99	98
	113	109
Expenses		
Salaries and benefits	82	80
Other operating	29	29
	111	109
Financing Authority operations	2	-
Special Operating Agency operations - net income (loss)		
Civil Legal Services	434	44
Companies Office	1,876	1,814
Fleet Vehicles Agency	2,741	2,175
Food Development Centre	(30)	136
Industrial Technology Centre	240	322
Land Management Services	943	193
Mail Management Agency	63	(62)
MERLIN	(16)	120
Manitoba Securities Commission	4,705	2,686
Manitoba Text Book Bureau	(3)	(25)
Materials Distribution Agency	957	685
Office of the Fire Commissioner	(109)	(63)
Organization and Staff Development	78	(60)
Pineland Forest Nursery	(47)	119
The Property Registry	3,564	3,196
The Public Trustee	90	(248)
Vital Statistics Agency	183	143
Net income for the year	15,671	11,175
Retained earnings, beginning of year	26,445	23,845
Transfer of surplus funds to the Province of Manitoba		
Civil Legal Services	(500)	(500)
Companies Office	(2,500)	(1,250)
Fleet Vehicles Agency	(2,000)	(2,000)
Land Management Services	(500)	(500)
Manitoba Securities Commission	(1,600)	(700)
Materials Distribution Agency	(525)	(200)
Office of the Fire Commissioner	(300)	-
The Property Registry	(4,500)	(2,800)
Vital Statistics Agency	(700)	(190)
Reserve fund - Manitoba Securities Commission (Note 12)	(235)	(435)
Retained earnings, end of year	$ 28,756	$ 26,445

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Cash Flows

(In Thousands)
Year Ended March 31

	2001	2000
Cash derived from (applied to):		
Operating		
Net income	$ 15,671	$ 11,175
Amortization	8,487	8,289
Gain on disposal of capital assets	(762)	(453)
	23,396	19,011
Change in:		
Customer deposit accounts	(149)	(199)
Accounts receivable	220	1,786
Inventories	(1,200)	540
Prepaid expenses	(28)	313
Deferred contributions - Province of Manitoba	1,025	-
Accounts payable and accruals	8,387	(1,642)
Pension liability	(7,266)	2,037
Severance liability	240	205
Unearned revenue	287	179
Cash derived from operating activities	24,912	22,230
Investing		
Proceeds from disposal of capital assets	1,883	1,130
Acquisition of capital assets	(11,846)	(12,217)
Long-term investment	1,500	-
Cash applied to investing activities	(8,463)	(11,087)
Financing		
Proceeds from long-term debt - Province of Manitoba	5,650	4,128
Long-term debt repayments	(5,364)	(3,889)
Transfer of surplus funds to the Province of Manitoba	(13,125)	(8,140)
Receivable from the Province of Manitoba	(40)	(190)
Cash derived from financing activities	(12,879)	(8,091)
Increase in cash	3,570	3,052
Cash: Beginning of year	14,118	11,066
End of year	$ 17,688	$ 14,118
Represented by:		
Cash	$ 2,153	$ 2,496
Term deposits with the Minister of Finance	24,281	19,034
Working capital advances	(8,746)	(7,412)
	$ 17,688	$ 14,118

See accompanying notes to the financial statements.

1. Nature of organization

The Special Operating Agencies Financing Authority (the "Financing Authority") is a body corporate established effective April 1, 1992 under ***The Special Operating Agencies Financing Authority Act.*** Under the direction of the Minister of Finance, the Financing Authority consists of the Chairperson as its sole member and receives staff support from the Department of Finance.

The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) that operate outside the Consolidated Fund. It functions as a non-operating holding company, with the mandate to hold and acquire assets required for and resulting from SOA operations. It finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like manner within government policy expectations.

SOAs are designated by regulation under the Act and operate under a charter approved by the Lieutenant Governor in Council. A management agreement between the Financing Authority and the Minister responsible for each SOA assigns responsibility to the agency to manage and account for SOA-related assets and operations on behalf of the Financing Authority. SOAs remain accountable to their Minister for the results they achieve with the authority and resources granted.

The Financing Authority is economically dependent on the Province of Manitoba. Currently, the Financing Authority derives most of its revenue and all of its capital financing requirements from the Province.

SOAs in operation during the fiscal year ended March 31, 2001 were as follows:

Civil Legal Services, Department of Justice
Companies Office, Department of Consumer and Corporate Affairs
Fleet Vehicles Agency, Department of Transportation and Government Services
Food Development Centre, Department of Agriculture and Food
Industrial Technology Centre, Department of Industry, Trade and Mines
Land Management Services, Department of Transportation and Government Services
Mail Management Agency, Department of Transportation and Government Services
Manitoba Education, Research and Learning Information Networks (MERLIN), Department of Education, Training and Youth
Manitoba Securities Commission, Department of Consumer and Corporate Affairs
Manitoba Text Book Bureau, Department of Education, Training and Youth
Materials Distribution Agency, Department of Transportation and Government Services
Office of the Fire Commissioner, Department of Labour and Immigration
Organization and Staff Development, Civil Service Commission
Pineland Forest Nursery, Department of Conservation
The Property Registry, Department of Consumer and Corporate Affairs
The Public Trustee, Department of Justice
Vital Statistics Agency, Department of Consumer and Corporate Affairs.

2. Significant accounting policies

The financial statements of the Financing Authority are presented in accordance with generally accepted accounting principles.

Basis of reporting

The financial statements of the Financing Authority reflect the financial position and operating results of SOAs currently governed by management agreements with the Financing Authority. These statements are presented on a combined basis. Therefore, inter-agency balances and transactions have not been eliminated.

The following policies apply to the Financing Authority, as well as to all agencies combined herein.

Amortization of capital assets

Vehicles, fire engines	30%, declining balance
Vehicles (signed lease agreement)	straight line over term of lease
Equipment and furniture	20 - 33%, straight line 20%, declining balance
Computer equipment and software	20%, straight line
Rental equipment (Materials Distribution Agency)	2, 3, or 5 years, straight line
Buildings	5 - 40 years, straight line
Practical training site (Office of the Fire Commissioner)	20 years, straight line
Leasehold improvements	3 - 10 years, straight line
Other assets	3 years, straight line

Inventories

Inventories are valued at the lower of cost and market value.

3. Term deposits with the Minister of Finance

Term investments are segregated as follows:

	2001	2000
Operating funds	$24,281	$13,262
Pension liability funds (Note 9)	-	5,772
	$24,281	$19,034

4. Accounts receivable

	2001	2000
Trade	$10,820	$10,469
Recoverable infrastructure expenditures	64	602
Insurance agency rebate	271	260
Other	153	197
	$11,308	$11,528

The trade receivables are mostly due from the Province of Manitoba.

Recoverable infrastructure expenditures relate to outlays made by MERLIN that are recoverable under the Canada/Manitoba Infrastructure Works Program.

The insurance agency rebate is for discounts receivable by the Fleet Vehicles Agency from the Manitoba Public Insurance Corporation based on favourable claims experience for the Province's vehicle fleet in the previous insurance year.

5. Capital assets

			2001	2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles, fire engines	$56,170	$26,440	$29,730	$26,712
Equipment and furniture	7,593	4,223	3,370	3,330
Computer equipment and software	3,913	1,925	1,988	2,226
Buildings	7,724	2,026	5,698	5,994
Practical training site	1,887	285	1,602	1,573
Leasehold improvements	1,147	588	559	557
Other assets	1,658	628	1,030	1,346
	$80,092	$36,115	$43,977	$41,738

6. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of certain agencies prior to their designation as SOAs. It also includes severance pay benefits earned by SOA employees to March 31, 1998, as well as the benefits accumulated by the employees of the Manitoba Securities Commission prior to March 31, 1999. The balance is comprised of:

	2001	2000
Vacation entitlements	$1,766	$1,726
Severance pay benefits	3,336	3,336
	$5,102	$5,062

7. Working capital advances

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council 747/1992, 242/1994, 152/1995, 151/1996, 136/1997, 168/1998, and 129/2000, has arranged for working capital advances to be available to the Financing Authority. The aggregate of the outstanding advances is not to exceed $20,370 (2000 - $18,570) at any one time. As at March 31, 2001, $11,624 (2000 - $11,158) of these advances was unused and available.

8. Long-term debt - Province of Manitoba

		2001	2000
7%	repayable in semi-annual instalments of $601 principal and interest, maturing in 2001	$ -	$ 1,142
7.125%	repayable in semi-annual instalments of $181 principal and interest, maturing in 2001	-	343
5.5%	repayable in semi-annual instalments of $289 principal and interest, maturing in 2002	822	1,335
6%	repayable in semi-annual instalments of $469 principal and interest, maturing in 2002	897	1,743
5.875%	repayable in semi-annual instalments of $316 principal and interest, maturing in 2003	1,175	1,713
5.625%	repayable in annual instalments of $171 principal and interest, maturing in 2004	-	598
5.5%	repayable in semi-annual instalments of $232 principal and interest, maturing in 2004	1264	1,642
6%	repayable in semi-annual instalments of $141 principal and interest, maturing in 2004	762	988
9%	repayable in annual instalments of $55 principal and interest, maturing in 2005	180	249
6.875%	repayable in semi-annual instalments of $408 principal and interest, maturing in 2005	2,809	3,400
6.625%	repayable in semi-annual instalments of $167 principal and interest, maturing in 2005	1,280	-
5.75%	repayable in semi-annual instalments of $495 principal and interest, maturing in 2006	4,250	-
		13,439	13,153
Amount due within one year		4,327	5,243
		$ 9,112	$ 7,910

8. Long-term debt - Province of Manitoba (continued)

Principal repayments in each of the next five years are as follows:

2002	$4,327
2003	3,351
2004	2,620
2005	2,030
2006	1,111

The Financing Authority may elect to repay long-term debt, or portions thereof, prior to maturity.

As at March 31, 2001, the Financing Authority had $2,050 remaining in loan authority under ***The Loan Act, 2000***. On July 5, 2001, ***The Loan Act, 2001*** received Royal Assent. The original loan authority under each of these Acts was:

	The Loan Act, 2001	***The Loan Act, 2000***
for Fleet Vehicles Agency	$11,300	$7,700

9. Pension liability

Employees of SOAs are eligible for pension benefits in accordance with the provisions of ***The Civil Service Superannuation Act***. Only the Industrial Technology Centre and the Food Development Centre match their employees' contributions to the Civil Service Superannuation Fund and have no further liability under the Act. Other SOAs have recorded an obligation for the pension benefits earned by their employees from the date of designation as a SOA. The methodology for calculating the liability has been determined in conjunction with the Province of Manitoba, which accepts responsibility for pension liability for prior service, as well as for any variance resulting from the calculation.

These SOAs each deposited an amount equal to the employer's share of the pension liability in a separate investment account.

An actuarial valuation report of the pension liability of SOAs to their employees from the date of designation as a SOA was recently completed. The report calculated the pension liability as at March 31, 2000 and provided a formula to update the liability on an annual basis. In accordance with the formula, the actuarial liability of SOAs has been calculated on an indexed basis to be $7,992 as at March 31, 2001 (2000 - $7,266).

As at March 31, 2001, the Province assumed responsibility for administering the pension liability of these SOAs. Accordingly, the pension liability net of deferred contributions to the Province was reclassified as accounts payable - Province of Manitoba. The SOAs will transfer funds equal to the net amount to the Province during the year ending March 31, 2002.

10. Severance pay benefits

Effective April 1, 1998, SOAs began recording accumulated severance pay benefits for their employees. The estimate of the liability was based on the method of calculation set by the Province of Manitoba.

The Province accepted responsibility for the severance benefits accumulated by SOA employees to March 31, 1998, as well as for the benefits accumulated by employees of the Manitoba Securities Commission to March 31, 1999. Accordingly, the opening severance pay liability balances as at April 1, 1998 calculated at $3,511 and as at April 1, 1999 calculated at $135 were completely offset by a receivable from the Province. There are no fixed terms for payment.

An actuarial valuation report of the severance liability of SOAs as at March 31, 2000 was recently completed. The liability as at March 31, 2000 was restated to $3,676, and the receivable from the Province was restated to $3,336 as a result of the actuarial valuation. There was no effect on the severance benefit expense for the year ended March 31, 2000. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the actuarial liability of SOAs has been calculated to be $3,916 as at March 31, 2001.

11. Equity

	2001	2000
Contributed equity		
Fleet Vehicles Agency	$ 4,118	$ 4,118
Industrial Technology Centre	62	62
Mail Management Agency	51	51
Manitoba Text Book Bureau	549	549
Materials Distribution Agency	1,246	1,246
Office of the Fire Commissioner	11,279	11,279
Pineland Forest Nursery	356	356
	$17,661	$17,661

11. Equity (continued)

	2001	2000
Retained earnings		
Civil Legal Services	$ 435	$ 501
Companies Office	1,607	2,231
Fleet Vehicles Agency	10,644	9,903
Food Development Centre	(30)	-
Industrial Technology Centre	1,162	922
Land Management Services	973	530
Mail Management Agency	488	425
MERLIN	(350)	(334)
Manitoba Securities Commission	4,421	1,551
Manitoba Text Book Bureau	82	85
Materials Distribution Agency	3,847	3,415
Office of the Fire Commissioner	(710)	(301)
Organization and Staff Development	260	182
Pineland Forest Nursery	687	734
The Property Registry	3,219	4,155
The Public Trustee	915	825
Vital Statistics Agency	1,101	1,618
Financing Authority	5	3
	$28,756	$26,445

12. Reserve funds

The Public Trustee

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses. The balance of the reserve at March 31, 2001 is $500 (2000 - $500).

Manitoba Securities Commission

The Manitoba Securities Commission has allocated a reserve out of retained earnings to provide for extraordinary regulatory expenses and changes in market activity affecting revenue. The intent is to fund the reserve over four years to an accumulated balance of $1,000. The balance of the reserve at March 31, 2001 is $670 (2000 - $435).

13. Commitments

Commitments for SOAs with building lease agreements at March 31, 2001 total $5,088 (2000 - $5,088).

Other commitments entered into by SOAs are as follows:

Manitoba Text Book Bureau	Provision of warehousing and distribution services	$167
Office of the Fire Commissioner	Vehicle lease agreements	366
The Property Registry	Equipment lease agreements	417
		$950

14. Contingent liability

The Province of Manitoba is implementing the Better Systems Initiative (BSI) to facilitate single-window access by business and the general public to government registry services and databases. The Personal Property Registry module of The Property Registry began to be phased in during the 2000/01 fiscal year. The Companies Office will implement its first release during 2001/02. The Land Titles module of The Property Registry will come on stream in a subsequent year. The agencies will be expected to pay their proportionate share of BSI costs. Estimates of their liability and cost are not known because the Province has not determined the accounting treatment and an appropriate method of apportioning costs. It is not expected that there will be any costs assigned for the year ended March 31, 2001. It is anticipated that this matter will be resolved during the year ending March 31, 2002.

15. Estates and trusts under administration

The Public Trustee has statutory responsibility for administering clients' estates and trusts. The client assets under administration at March 31, 2001 total approximately $159,000 (2000 - $151,000). The trust activities of The Public Trustee are reported in separate audited financial statements for Estates and Trusts under Administration.

16. Public sector compensation

Pursuant to the disclosure required by ***The Public Sector Compensation Disclosure Act***, the Chairperson was the only employee of the Financing Authority who received compensation of $50 or more during the fiscal year ended March 31, 2001.

Name	Position	2001	2000
Wilkins, John	Chairperson	$76	$75

Compensation information for each SOA is disclosed in the notes to their audited financial statements.

17. Financing instruments

The carrying amounts of the current assets and liabilities are reasonable estimates of their fair value because of the short-term maturity of these instruments.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Governors of The University of Manitoba

We have audited the comparative statement of financial position of The University of Manitoba as at March 31, 2001 and the comparative statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2001 and the results of its operations and changes in fund balances and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jon W. Singleton, CA•CISA
Provincial Auditor

Winnipeg, Manitoba
June 1, 2001

FINANCIAL STATEMENTS

The University of Manitoba
Comparative Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2001*	*2000*
Current Assets		
Cash	$ 18,444	$ 6,903
Investments (Note 4)	71,183	41,985
Accounts Receivable:		
Council on Post-Secondary Education	3,992	4,646
General	23,190	23,544
Research and Special	21,229	14,490
Inventories	3,600	3,455
Prepaid Expenses	238	73
	141,876	95,096
Long Term Assets		
Investments (Note 4)	172,983	132,190
Funds on Deposit for Staff Benefits (Note 5)	31,242	32,137
Investment in Subsidiary Companies (Note 6)	90	90
Capital Assets, Net of Accumulated Amortization (Note 8)	269,924	249,137
	474,239	413,554
	$ 616,115	$ 508,650

Liabilities	*2001*	*2000*
Current Liabilities		
Accounts Payable	$ 26,662	$ 27,135
Bank Loan (Note 9)		1,550
Unearned Revenue	2,613	1,381
Unfunded Staff Benefits	7,275	6,050
Current Portion of Capital Lease Obligations (Note 10)	356	374
Current Portion of Long Term Debt (Note 11)	287	217
	37,193	36,707
Long Term Liabilities		
Employee Future Benefits (Note 12)	52,280	49,126
Capital Lease Obligations (Note 10)	228	131
Province of Manitoba Capital Advances, and Debentures Payable (Note 11)	7,261	9,083
Less: Sinking Fund Assets on Deposit with the Province of Manitoba for the Retirement of Debentures (Note 11)	6,852	8,535
	409	548
Term Loans (Note 11)	5,911	5,223
	58,828	55,028
Fund Balances	520,094	416,915
	$ 616,115	$ 508,650

Contingent Liabilities (Note 19)

APPROVED BY THE BOARD OF GOVERNORS

WR Anderson

Paul M. Soubry - Chair

Wayne Anderson - Vice-Chair

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances for the years ended March 31 (In thousands of dollars)

	General Funds (Note 2d)	*Restricted Funds (Note 2e)*	*Endowment Fund (Note 2f)*	*2001 Total Funds*	*2000 Total Funds*
Revenue:					
Tuition and Related Fees	$ 67,804	$	$	$ 67,804	$ 68,872
Contributions, Donations, Non-Government Grants	108	42,830	15,053	57,991	53,156
Investment Income	3,187	28,601		31,788	13,948
Miscellaneous Income	924	63		987	2,269
Government Grants:					
Council on Post-Secondary Education	178,313	16,558		194,871	178,972
Other Province of Manitoba	6,176	26,091		32,267	30,919
Government of Canada	4	48,166		48,170	40,205
Sales of Goods and Services	19,920			19,920	18,178
Ancillary Enterprises	24,714			24,714	22,678
	301,150	162,309	15,053	478,512	429,197
Expense:					
Academic	162,300	67,074		229,374	216,724
Libraries	10,121	77		10,198	10,278
Student Services	11,308	490		11,798	11,193
Administration	11,577	1,751		13,328	12,370
Plant Maintenance	26,536	5		26,541	26,573
Other Academic Support	15,121	402		15,523	17,448
General	7,038	2,937		9,975	8,255
Property Taxes	6,635			6,635	15,729
Scholarships, Bursaries, Prizes and Awards	1,023	5,964		6,987	6,284
Interest on Bank Loan, Debentures, Capital Advances and Capital Lease Obligations		1,258		1,258	1,434
Amortization of Capital Assets		21,093		21,093	19,676
Ancillary Enterprises	22,446			22,446	21,519
Staff Benefits & Early Retirement Provision - Contra	687	(510)		177	(2,824)
	274,792	100,541		375,333	364,659
Net Revenue	26,358	61,768	15,053	103,179	64,538
Inter-Fund Transfers	(10,210)	7,791	2,419		
Net Increase to Fund Balances	16,148	69,559	17,472	103,179	64,538
Fund Balances Beginning of the Year	(33,020)	401,029	48,906	416,915	401,503
Fund Balances End of the Year	(16,872)	470,588	66,378	520,094	466,041
Adjustment for Employee Future Benefits (Note 3)					(49,126)
Restated Fund Balances End of the Year	$ (16,872)	$ 470,588	$ 66,378	$ 520,094	$ 416,915
Unrestricted Funds	$ (45,391)	$	$	$ (45,391)	$ (41,988)
Internally Restricted Funds	28,519	23,595		52,114	34,447
Externally Restricted Funds		158,979	66,378	225,357	168,958
Invested in Capital Assets		288,014		288,014	255,498
	$ (16,872)	$ 470,588	$ 66,378	$ 520,094	$ 416,915

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances for the General Funds
for the years ended March 31
(in thousands of dollars)

	General Operating Fund (Note 2d)	*Specific Provisions Fund (Note 2d)*	*Expenses Funded From Future Revenue (Note 2d)*	*2001 Total General Funds*	*2000 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 67,804	$	$	$ 67,804	$ 68,872
Contributions, Donations, Non-Government Grants	108			108	53
Investment Income	3,187			3,187	1,675
Miscellaneous Income	924			924	2,245
Government Grants:					
Council on Post-Secondary Education	178,313			178,313	166,056
Other Province of Manitoba	6,176			6,176	5,989
Government of Canada	4			4	37
Sales of Goods and Services	19,920			19,920	18,178
Ancillary Enterprises	24,714			24,714	22,678
	301,150			301,150	285,783
Expense:					
Academic	162,300			162,300	154,271
Libraries	10,121			10,121	10,178
Student Services	11,308			11,308	10,657
Administration	11,577			11,577	11,007
Plant Maintenance	26,536			26,536	26,568
Other Academic Support	15,121			15,121	14,190
General	7,038			7,038	5,780
Property Taxes	6,635			6,635	15,729
Scholarships, Bursaries, Prizes and Awards	1,023			1,023	907
Ancillary Enterprises	22,446			22,446	21,519
Staff Benefits & Early Retirement Provision - Contra	687			687	(2,329)
	274,792			274,792	268,477
Net Revenue	26,358			26,358	17,306
Net Increase in Expenses to be Funded From Future Revenues	3,701		(3,701)		
Inter-Fund Transfers	(29,761)	19,551		(10,210)	(14,343)
Net Increase (Decrease) to Fund Balances	298	19,551	(3,701)	16,148	2,963
Fund Balances Beginning of the Year	307	8,968	(42,295)	(33,020)	262
Fund Balances End of the Year	605	28,519	(45,996)	(16,872)	3,225
Adjustment for Employee Future Benefits (Note 3)					(36,245)
Restated Fund Balances End of the Year	$ 605	$ 28,519	$ (45,996)	$ (16,872)	$ (33,020)
Unrestricted Funds	$ 605	$	$ (45,996)	$ (45,391)	$ (41,988)
Internally Restricted Funds		28,519		28,519	8,968
	$ 605	$ 28,519	$ (45,996)	$ (16,872)	$ (33,020)

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances for the Restricted Funds
for the years ended March 31
(in thousands of dollars)

	Capital Asset Fund (Note 2e)	*Research and Special Fund (Note 2e)*	*Staff Benefits Fund (Note 2e)*	*Trust Fund (Note 2e)*	*2001 Total Restricted Funds*	*2000 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 4,017	$ 34,200	$ 881	$ 3,732	$ 42,830	$ 45,479
Investment Income	724		2,917	24,960	28,601	12,273
Miscellaneous Income			20	43	63	24
Government Grants:						
Council on Post-Secondary Education	16,558				16,558	12,916
Other Province of Manitoba	6,367	19,724			26,091	24,930
Government of Canada	8,102	40,064			48,166	40,168
	35,768	93,988	3,818	28,735	162,309	135,790
Expense:						
Academic		67,074			67,074	62,453
Libraries		77			77	100
Student Services		490			490	536
Administration		1,751			1,751	1,363
Plant Maintenance		5			5	5
Other Academic Support		402			402	3,258
General		147	2,258	532	2,937	2,475
Scholarships, Bursaries, Prizes and Awards		4,072		1,892	5,964	5,377
Interest on Bank Loan, Debentures, Capital Advances and Capital Lease Obligations	1,258				1,258	1,434
Amortization of Capital Assets	21,093				21,093	19,676
Staff Benefits & Early Retirement Provision - Contra		(510)			(510)	(495)
	22,351	73,508	2,258	2,424	100,541	96,182
Net Revenue	13,417	20,480	1,560	26,311	61,768	39,608
Inter-Fund Transfers	19,099	(3,713)	(3,183)	(4,412)	7,791	13,172
Net Increase to Fund Balances	32,516	16,767	(1,623)	21,899	69,559	52,780
Fund Balances Beginning of the Year	255,498	36,908	19,306	89,317	401,029	361,130
Fund Balances End of the Year	288,014	53,675	17,683	111,216	470,588	413,910
Adjustment for Employee Future Benefits (Note 3)						(12,881)
Restated Fund Balances End of the Year	$ 288,014	$ 53,675	$ 17,683	$ 111,216	$ 470,588	$ 401,029
Internally Restricted Funds	$	$	$ 4,919	$ 18,676	$ 23,595	$ 25,479
Externally Restricted Funds		53,675	12,764	92,540	158,979	120,052
Invested in Capital Assets	288,014				288,014	255,498
	$ 288,014	$ 53,675	$ 17,683	$ 111,216	$ 470,588	$ 401,029

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Cash Flows
as at March 31
(in thousands of dollars)

	General Funds	*Restricted Funds*	*Endowment Fund*	*2001 Total Funds*	*2000 Total Funds*
Cash from Operating Activities:					
Excess of Revenue over Expense	$ 26,358	$ 61,768	$ 15,053	$ 103,179	$ 64,538
Amortization of Capital Assets		21,093		21,093	19,676
Income on Investment in Subsidiary Companies					(2)
	26,358	82,861	15,053	124,272	84,212
Net Change in Non-Cash Working Capital Items	11,872	(15,929)		(4,057)	(11,981)
Net Change in Employee Future Benefits	2,476	678		3,154	
Net Cash Generated through Operating Activities	40,706	67,610	15,053	123,369	72,231
Investing Activities:					
Increase in Long-Term Investments		(23,321)	(17,472)	(40,793)	(13,098)
Decrease (Increase) in Funds on Deposit for Staff Benefits		895		895	(900)
Purchase of Capital Assets		(41,880)		(41,880)	(45,836)
Net Cash Used in Investing Activities		(64,306)	(17,472)	(81,778)	(59,834)
Financing Activities:					
Proceeds from Capital Lease Obligations		457		457	71
Proceeds from Province of Manitoba Capital Advance		555		555	257
Proceeds from Bank Loan					2,533
Principal Repayment on Capital Lease Obligations		(378)		(378)	(691)
Principal Repayment on Province on Manitoba Capital Advances		(2,230)		(2,230)	(2,039)
Principal Repayment on Debentures		(147)		(147)	(137)
Principal Repayment on Bank Loan		(792)		(792)	(2,743)
Net Cash Used in Financing Activities		(2,535)		(2,535)	(2,749)
Net Increase (Decrease) in Cash	40,706	769	(2,419)	39,056	9,648
Inter-Fund Adjustments	(10,210)	7,791	2,419		
Cash Beginning of Year	21,916	35,507		57,423	47,775
Cash End of Year	$ 52,412	$ 44,067	$	$ 96,479	$ 57,423
Cash is defined as:					
Cash	$ 13,675	$ 4,769	$	$ 18,444	$ 6,903
Investments	38,737	32,446		71,183	41,985
Sinking Fund Assets on Deposit with the Province of Manitoba		6,852		6,852	8,535
	$ 52,412	$ 44,067	$	$ 96,479	$ 57,423

(The accompanying Notes form an integral part of the Financial Statements)

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. Through its professional programs, the University of Manitoba fills a special niche in the educational and research needs of Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Comparative Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research & Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

c. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for property taxes not yet assessed and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

d. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Enterprises and are budgeted on a break-even basis. Any surpluses or deficits are unrestricted and are maintained within the General Operating Fund. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of capital assets for these ancillaries is funded by an annual appropriation to the Specific Provisions Fund. Amortization of ancillary capital assets, and interest expense on the University Parkade is recorded in the Capital Asset Fund.

Academic and administrative units also generate revenues through the sale of goods and services to individuals, companies and organizations external to the University. The revenues earned are unrestricted resources and are reflected in the General Operating Fund.

Specific Provisions Fund:

The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research & Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, or other matters, including a fiscal stabilization provision to offset potential spending in excess of future budgets and an early retirement incentive provision. Such appropriations are shown as inter-fund transfers on the Comparative Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for permanent non-academic staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits.

e. Restricted Funds

Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances and debentures. Expenses include interest on debt relating to the acquisition of capital assets, amortization and gains or losses on disposal of capital assets including write downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
Surplus funds of the Staff Benefits Fund are invested by and held in the custody of The Great-West Life Assurance Company. The Staff Benefits Fund is divided into Fund Accounts for Pension Reserve, Self-Insured Plans and Benefit Reserve, the revenues of which are restricted for the purposes noted.

(i) Pension Reserve
This Fund Account is restricted for special payments towards any unfunded liability of The University of Manitoba Pension Plans (1970) and (1993) and other pension obligations.

The Pension Reserve balance at March 31, 2001 is $4,478 (2000, $5,834).

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long-Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. The Long-Term Disability Plan balance as at March 31, 2001 is $4,986 (2000, $4,670).

The Dental Plan is administered by Manitoba Blue Cross. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan. The Dental Plan balance as at March 31, 2001 is $172 (2000, $221).

(iii) Benefit Reserve
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds from The Great-West Life Assurance Company related to the group insurance plans are credited to this Fund Account. Employment Insurance Commission premium savings resulting from the extended sick leave coverage provided by the University are also credited to this Fund Account.

The Benefit Reserve balance at March 31, 2001 is $8,047 (2000, $8,581).

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

f. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. In certain cases, the donor requires that a portion of the current investment income also be capitalized. As such, these funds are added to the capital account of the endowment.

g. Revenue Recognition
Restricted contributions relating to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income earned on surplus funds, with the exception of trust and endowment funds, is recorded as unrestricted income in the General Operating Fund.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate fund depending on the restrictions imposed by the original donor.

h. Contributed Materials and Services

Gifts-in-kind for materials other than capital assets are recorded in the financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund-raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the financial statements, are critical to the successful functioning of the University.

i. Investments

Surplus cash is invested in the short term money market when management considers it practical to do so. Income is recognized on the accrual basis.

Trust and endowment funds are invested in either the University Investment Trust ("UIT") or the Specific Trusts. The UIT is pooled for investment purposes. Within the UIT individual capital accounts are unitized, in order to improve the protection of the real value of capital balances against inflation and to facilitate the equitable distribution of income based on the number of units. A new market value per unit is determined quarterly. Capital contributions and withdrawals are based on the current quarterly market value per unit. The Specific Trust funds are not pooled, but are invested individually according to the wishes of the donor.

Trust and endowment funds, where no specific investment provisions exist, are invested in fixed income securities and in the equity markets. These investments are professionally managed and held in the custody of an independent company. Income, including realized gains and losses, is recognized on the accrual basis. Where specific investment provisions exist, funds are generally invested in fixed-income securities and income is recognized on the accrual basis.

Staff benefits funds are invested in pooled funds in the fixed income securities and equity markets. These investments are professionally managed and held in the custody of an independent company. Income, including realized gains and losses, is recognized on the accrual basis, net of administrative costs.

All investments are carried at the lower of cost and fair value. Gains and losses are recognized in the year of disposal.

j. Pledges Receivable

The University does not record pledges receivable in its financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

k. Inventories

Inventories have been valued at the lower of cost and replacement cost.

l. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	50 years
Computers & Electronics	5 years
Library Books	10 years
Other Furniture & Equipment	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized. Capital assets acquired or constructed and put into use during the fiscal year are amortized at one-half of the applicable rate.

m. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

n. Pension Costs

The cost of pension benefits earned by employees who are members of the University of Manitoba Pension Plan (1970) and the University of Manitoba Pension Plan (1993) is determined actuarially using the projected unit credit actuarial cost method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension costs for The University of Manitoba GFT Pension Plan (1986) are based on the contributions required of the University by that Plan.

o. Financial Instruments

The financial instruments at the University consist of cash, short term investments, accounts receivable, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency, market or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying vales, unless otherwise disclosed.

p. Employee Future Benefits

The University accrues its obligations for employee future benefit plans relating to health, dental, long term disability and group life insurance. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

3. CHANGE IN ACCOUNTING POLICY

During the year, the University changed its accounting policy in order to comply with the CICA guidelines for employee future benefits which came into effect for fiscal years commencing on or after January 1, 2000. This change has been applied on a retroactive basis as an adjustment to the March 31, 2000 fund balances. No adjustment to revenue or expense was recorded in fiscal year 2000 as the information was not readily available.

a. Expense Recognition

Prior to the current fiscal year, the cost of employee future benefits for health, dental, long term disability and group life insurance, for its employees was recognized on a 'pay as you go' basis. During the current year, the accrual method of accounting for these obligations, as described in note 2(p) was adopted. This change in accounting policy had the effect of increasing the current year's benefit expense by $3,154.

b. Accrued Benefit Liability

The adoption of this new policy has also resulted in the recognition of a liability of $49,126 as at March 31, 2000. This liability has been recorded as an adjustment to March 31, 2000 fund balances.

4. INVESTMENTS

The fair values and book values of investments as at March 31 are:

	2001 Fair Value	2001 Book Value	2000 Book Value
General, Research & Capital			
Savings Certificates & Term Deposits	$ 71,183	$ 71,183	$ 41,965
Trust & Endowment			
Bonds and Debentures:			
Government of Canada	$ 21,267	$ 21,420	$ 25,780
Province of Manitoba	714	719	909
Other Provincial	7,107	6,894	11,232
Municipal	2,745	2,794	3,876
Corporate	17,919	17,543	21,367
Other	4,786	4,705	9,504
	54,538	54,075	72,668
Canadian Equities	49,951	44,592	33,252
US Equities	10,592	11,328	-
International Equities	10,509	11,328	-
Savings Certificates, Term Deposits and Treasury Bills	51,660	51,660	26,270
	$ 177,250	$ 172,983	$ 132,190

5. FUNDS ON DEPOSIT FOR STAFF BENEFITS

The fair value and book value of investments held for Staff Benefits as at March 31 are:

	2001 Fair Value	2001 Book Value	2000 Book Value
Bonds	$ 23,240	$ 22,077	$ 23,824
Equities	4,923	3,913	2,862
Real Estate	4,981	4,771	5,147
Savings Certificates, Term Deposits and Treasury Bills	481	481	304
	$ 33,625	$ 31,242	$ 32,137
Held For:			
Pension Reserve	$ 8,161	$ 7,601	$ 8,922
Self Insured Plans	16,772	15,594	14,684
Benefit Reserve	8,692	8,047	8,531
	$ 33,625	$ 31,242	$ 32,137

6. INVESTMENT IN SUBSIDIARY COMPANIES

Smart Park Development Corporation is a wholly owned subsidiary of the University. The company has a March 31 year end and it's purpose is to market and promote the development of a research park at the University of Manitoba.

University of Manitoba Research Ltd., incorporated under the Manitoba Corporations Act, is a wholly-owned subsidiary of the University. University of Manitoba Research and Development Corporation is a wholly-

(in thousands of dollars)

owned subsidiary of University of Manitoba Research Ltd. Both subsidiary companies have a March 31 year end and were inactive during the 2000/01 fiscal year. The consolidated net income (loss) of University of Manitoba Research Ltd. is recorded in the General Operating Fund in the Comparative Statement of Operations and Changes in Fund Balances.

Small Business Law Clinic (MB) Inc. is a wholly-owned not-for-profit corporation without share capital. The purpose of the corporation is to operate a clinic, whereby students from the Faculty of Law may develop skills that are prerequisite to a successful solicitor-client relationship and in the process, assist community-based entrepreneurs and small business owners by dispensing legal information at a nominal cost. The company is exempt from income taxes under Section 149 of the Income Tax Act.

7. ECONOMIC INTEREST IN RELATED ENTITIES

a. 2985901 Manitoba Ltd.

The University has a one-third interest in 2985901 Manitoba Ltd. which is incorporated under the Manitoba Corporations Act as a corporation without share capital. 2985901 Manitoba Ltd. was inactive during the 2000/01 fiscal year.

b. The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members on the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

c. Biovar Life Support Inc.

The University has a 25% interest in Biovar Life Support Inc. ("Biovar") which is a profit-oriented company. Biovar has a June 30 year end. The University accounts for its investment in Biovar utilizing the cost method as it does not have significant influence in the management and/or direction of the company.

8. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 3,708	$ -	$ 3,708	$ 3,635
Buildings	257,443	83,078	174,365	169,054
Construction in Progress	19,820	-	19,820	10,444
Library Books	85,960	62,019	23,941	22,337
Rare Books and Manuscripts	3,467	-	3,467	3,402
Works of Art	538	-	538	462
Computers & Electronics	76,822	60,318	16,504	15,238
Other Furniture & Equipment	82,877	57,217	25,660	23,125
Vehicles	4,593	3,451	1,142	1,074
Parking Lots	371	26	345	141
Assets Under Capital Lease	3,490	3,056	434	225
	$ 539,089	$ 269,165	$ 269,924	$ 249,137

9. BANK LOAN

The bank loans are payable on demand with interest at prime minus .75%.

	2001	2000
Brodie Centre	$ -	$ 650
University Parkade	-	1,000
	$ -	$ 1,650

10. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which includes principal and interest under the capital lease obligations are as follows:

2002	$ 362
2003	96
2004	77
2005	62
2006	57
Total Minimum Lease Payments	654
Less: Interest at 7%	(70)
	584
Less: Current Portion	(356)
	$ 228

11. LONG TERM DEBT

	2001	2000
Capital Advances-payable to the Province of Manitoba:		
Urgent Projects:		
5 7/8% due May 20, 2007	$ 482	$ 482
7 1/8% due July 27, 2008	706	706
6 7/8% due December 15, 2009	257	257
6 7/8% due March 31, 2011	555	-
Utility Service Tunnel - 9.3335% due March 31, 2002-2003	5,103	7,333
	7,103	8,778
Debenture payable-principal and interest guaranteed by the Province of Manitoba:		
7 1/2% series 1R due April 15, 2001	158	305
	7,261	9,083
Less: Sinking Fund Assets on Deposit with the Province of Manitoba	(6,852)	(8,535)
	$ 409	$ 548

(in thousands of dollars)

The fair value of Sinking Fund Assets at March 31, 2001 is $6,504.

	2001	2000
Term Loans		
University Parkade, 6.51%, due July 30,2004	$ 3,829	$ 3,934
University Parkade, Prime less .75%, due August 1, 2019	960	-
Helen Glass Centre for Nursing, 6.75%, due November 1, 2004	1,409	1,506
	6,198	5,440
Less : Current Portion	(287)	(217)
	$ 5,911	$ 5,223

Principal repayments on long term debt payable over the next five years are as follows:

	Term Loans	Capital Advances/ Debentures	Total
2002	$ 287	$ 2,596	$ 2,883
2003	302	2,665	2,967
2004	318	-	318
2005	4,540	-	4,540
2006	52	-	52
Thereafter	699	2,000	2,699
	$ 6,198	$ 7,261	$ 13,459

12. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental, and group life for its retired employees and long term disability for current employees.

The current year benefit expense for existing and future retirees of the University is $4,554.

The accrued benefit obligation relating to these defined benefit plans is $52,280 as at March 31, 2001 (2000, $49,126). The plan assets relating to these defined benefit plans is $18,403 as at March 31, 2001 (2000, $17,263). The type of assets held are disclosed in note 5.

In the current year, expected claims for extended health and dental were based on the actual rates in effect as of April 1, 2000. Claims cost for extended health were assumed to increase at an annual rate of 8% for the next 10 years and at a rate of 5% thereafter. Claims cost for dental were assumed to increase at an annual rate of 6% for the next 5 years and at an annual rate of 4% thereafter. Group life is expected to increase at a rate of 2.5% per annum. Further, in measuring the University's accrued benefit obligation, the actuary assumed a discount rate of 6.75%.

Other information about the University's defined benefit plan is as follows:

Employer contribution	$2,429
Employees' contributions	$ 799
Benefits Paid	$3,228
Expected return on plan assets	6.75%

13. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2001	2000
General Operating Fund:		
Due to Trust	$ (2,338)	$ (1,762)
Due to Capital Asset	(20,610)	(11,460)
Due to Staff Benefits	-	(150)
	$ (22,948)	$ (13,372)
Capital Asset Fund:		
Due from Operating	$ 20,610	$ 11,460
Trust Fund:		
Due from Operating	$ 2,338	$ 1,762
Due from Staff Benefits	-	100
	$ 2,338	$ 1,862
Staff Benefits Fund:		
Due from Operating	$ -	$ 150
Due to Trust	-	(100)
	$ -	$ 50

14. INTER-FUND TRANSFERS

Inter-fund transfers from the General Operating Fund include $13,311 (2000, $12,618) of transfers to the Capital Asset Fund to cover the purchase of capital assets and debt servicing costs and $11,856 (2000, $8,983) of transfers to the Specific Provisions Fund to provide future funding for the replacement, improvement or emergency maintenance of capital assets, and for the early retirement incentive plan. The University's policy is to allow certain academic and administrative units who underspend their budgets in one year to carry over this amount for future years expenditures. As a result, inter-fund transfers also include $2,940 to the Specific Provisions Fund to fund this carry over.

Inter-fund transfers from the Trust Fund include $3,909 (2000, $1,882) of transfers to the Research and Special Fund to cover eligible costs of research and special activities.

Inter-fund transfers from the Research and Special Fund include $510 (2000, $495) of transfers to the Specific Provisions Fund to cover the cost of future early retirements, $5,295 (2000, $5,233) of transfers to the Capital Asset Fund to cover the purchase of capital assets and $1,221 (2000, $1,305) of transfers to the General Operating Fund to cover overhead costs incurred by general operations on research and non-research contracts.

Inter-fund transfers from the Specific Provisions Fund include $778 (2000, $4,927) of transfers to the Capital Asset Fund to cover the purchase of capital assets.

Inter-fund transfers from the Staff Benefits Fund include $2,000 of transfers to the Endowment Fund to establish a Scholarship Fund for employees' dependents.

15. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed capital equipment, a building and library books of $438 (2000, $7,064).

16. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

The University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) are both money purchase plans with a defined benefit minimum. The funding for the plans requires a matching contribution from the University and the employees. The surplus from the Plans and the matching contribution is adequate to fund the Plan and the current level of funding satisfies the requirements of the Manitoba Pensions Benefit Act.

The actuarial present value of accrued pension benefits has been determined using the projected unit credit actuarial cost method, and assumptions developed by reference to expected long-term market conditions. An actuarial valuation effective December 31, 1999 was completed in 2000 by Eckler Partners Ltd., a firm of consulting actuaries. The results of this valuation have been extrapolated by Eckler Partners Ltd. to December 31, 2000. As at December 31, 2000, the University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were in an actuarial surplus of $1,065 and $21,159, respectively. The University cannot access this surplus and as a result, no asset has been recorded.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year, were as follows:

	2000		1999	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Actuarial present value of accrued pension benefits at beginning of year	$ 567,902	$ 12,822	$ 514,052	$ 11,584
Interest accrued on benefits	71,223	1,581	68,894	1,553
Benefits accrued	19,478	909	18,246	872
Benefits paid	(35,428)	(1,700)	(29,464)	(1,111)
Actuarial loss	-	-	(3,826)	(76)
Actuarial present value of accrued pension benefits at end of year	$ 623,175	$ 13,612	$ 567,902	$ 12,822

The significant long-term assumptions used in the valuation of the accrued pension benefits were a rate of return on assets of 7% per annum, a general rate of salary increase of 2.5% for the first three years and 5% thereafter, and a 6% interest assumption on the basis for converting member accumulations into annuities. However in preparing the extrapolation the investment return used for 2000 was 12.72%, being the rates of return for those years based on the actuarial asset values.

The actuarial value of net assets available for benefits, has been determined using a five year moving average fair value method. Under this method, the fair value is the underlying basis, but capital gains and losses are amortized over a five year period.

The fair and actuarial values of net assets available for benefits as at December 31 were as follows:

	2000		1999	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Fair value of net assets available for benefits	$ 748,616	$ 17,052	$ 682,543	$ 15,581
Fair value changes not reflected in the actuarial value of net assets	(104,282)	(2,375)	(95,215)	(2,174)
Actuarial value of net assets available for benefits	$ 644,334	$ 14,677	$ 587,328	$ 13,407

The University recognized expenses equal to its contributions of $9,538 (2000, $9,071) for the 1970 Plan and for the 1993 Plan for the year ended March 31, 2001. Employee contributions matched the employer contributions.

The next full actuarial valuation of the Plans will be effective December 31, 2001 and will be completed in 2002.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan, therefore, there is no requirement for an actuarial valuation of this Plan. The University's contributions to this Plan were $1,414 in 2001 (2000 $1,348).

The University approved amendments to the University of Manitoba Pension Plan (1993) to comply with the requirements of Canada and Customs Revenue Agency (CCRA) in January 2001. It is anticipated that CCRA will confirm that this Plan has obtained registered status in 2001.

17. CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange

(CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

18. COMMITMENTS

Contractual commitments relating to construction in progress amount to $3,743 (2000, $1,572).

19. CONTINGENT LIABILITIES

On March 31, 1997, the University of Manitoba entered into an energy performance contract with MCW Energy Reduction Services Ltd. ("MCW"). Under the terms of a tri-party agreement, the University has agreed to the assignment by MCW to Paribas of all right, title and interest in payment of monies by the University under the energy performance contract. This agreement provides remedies to the University and Paribas in the event that MCW defaults on its obligations under the energy performance contract or receivable sale agreement. The University is contingently liable for any termination value owing to Paribas existing at the time of default by MCW. The amount of the potential liability, if any, cannot be estimated at this time.

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings can not be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims, as of March 31, 2001.

20. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2000 have been restated, where appropriate, to conform with the presentation adopted for March 31, 2001.

Scarrow&Donald

SCARROW & DONALD
CHARTERED ACCOUNTANTS
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May 11, 2001

AUDITORS' REPORT

To the Directors of
Venture Manitoba Tours Ltd.:

We have audited the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 2001 and the statements of operations and deficit and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Scarrow & Donald

Chartered Accountants

VENTURE MANITOBA TOURS LTD.

BALANCE SHEET

	March 31	
	2001	2000
ASSETS		
Current assets:		
Accounts receivable	$ 120,864	$ 113,582
Inventories	173,031	182,648
Prepaid expenses	34,789	47,667
	328,684	343,897
Capital assets (Note 2)	4,527,482	4,895,157
	$ 4,856,166	$ 5,239,054
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Cheques issued in excess of funds on deposit	$ 26,418	$ 25,763
Bank loan (Note 3)	4,965,000	4,745,000
Accounts payable and accrued liabilities	568,967	480,032
Advance deposits	173,650	144,175
Capital lease obligation - current portion	140,901	132,057
Advances from the Province of Manitoba, repayable on demand	250,000	250,000
	6,124,936	5,777,027
Long-term capital lease obligation (Note 6)	155,579	296,480
	6,280,515	6,073,507
Going concern considerations (Note 1)		
Shareholder's deficit:		
Share capital-		
Authorized-		
Unlimited number of common shares		
Issued-		
3,643,500 common shares	3,643,500	3,643,500
Contributed surplus	257,910	257,910
Deficit	(5,325,759)	(4,735,863)
	(1,424,349)	(834,453)
	$ 4,856,166	$ 5,239,054

VENTURE MANITOBA TOURS LTD.

STATEMENT OF OPERATIONS AND DEFICIT

	Year ended March 31	
	2001	2000
Revenue	$ 4,268,242	$ 5,090,388
Cost of sales	2,715,903	3,033,324
Gross profit	1,552,339	2,057,064
Operating expenses	1,202,749	1,184,850
	349,590	872,214
Amortization	585,351	550,793
Interest expense:		
Current	347,579	268,551
Long term	22,476	30,766
Net income before other income	(605,816)	22,104
Other income:		
Gain on disposal of capital assets	15,920	18,320
Net income (loss)	(589,896)	40,424
Deficit, beginning of year	(4,735,863)	(4,776,287)
Deficit, end of year	$ (5,325,759)	$ (4,735,863)

VENTURE MANITOBA TOURS LTD.

STATEMENT OF CASH FLOW

	Year ended March 31	
	2001	2000
Cash provided by (used in):		
Operating activities-		
Cash receipts from customers	$ 4,260,960	$ 5,123,013
Cash paid to suppliers and employees	(3,777,747)	(4,212,302)
Interest paid	(370,055)	(299,317)
	113,158	611,394
Investing activities-		
Purchase of capital assets	(211,676)	(1,010,910)
Disposal of capital assets	9,920	1,750
	(201,756)	(1,009,160)
Financing activities-		
Bank loan	220,000	455,000
Capital lease obligation	(132,057)	(123,768)
	87,943	331,232
Change in cash	(655)	(66,534)
Cash, beginning of year	(25,763)	40,771
Cash, end of year	$ (26,418)	$ (25,763)

VENTURE MANITOBA TOURS LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2001

1. Organization, Going Concern Considerations and Significant Accounting Policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. An assumption underlying the preparations of financial statements in accordance with generally accepted accounting principles is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

a) Organization-

The Company is incorporated under the Manitoba Corporations Act. The issued shares are owned by the Province of Manitoba.

The Province of Manitoba owns Hecla Golf Course and the Gull Harbour Resort and Conference Centre. The Company operates these facilities under lease agreements with the Province. These facilities are situated in the Hecla Provincial Park and are not subject to realty taxes.

The Province of Manitoba also owns the Falcon Lake Golf Course and Games area. The Company operates this facility under an agreement with the Province of Manitoba. The Company is responsible for the operating costs of the golf course and games area and, in return, will realize the revenue generated by their operations. These facilities are situated in the Whiteshell Provincial Park and are not subject to realty taxes.

b) Going Concern Considerations-

These financial statements have been prepared using the assumption that the Company will continue operating as a going concern. As the Company has incurred substantial losses resulting in significant deficit and working capital deficiency, the ability of the Company to continue operating as a going concern is dependent on continued financial support from the Province of Manitoba. Should the Province not continue to provide financial support, the Company may not be able to continue operating as a going concern and the net realizable value of the assets may be substantially less than their carrying values.

c) Accounting Estimates-

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include the allowance for doubtful accounts, loss provisions and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

d) Financial instruments-

Except for long-term debt, management has estimated that the fair value of all financial instruments approximates their cost because of the short maturity of those instruments. The carrying amount of long-term debt approximates fair value because interest rates are close to market rates. Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. Fair value is estimated based on market information available to the Company. If such information is not available, fair value is estimated using assumptions about the amount and timing of future cash flows and using discount rates that reflect credit risk. The estimate of fair value at year-end may not represent fair values at any other date. The assumptions and methods used significantly affect fair value. The determination of fair value is also affected by the use of judgement and by uncertainty. Changes in the interest rate environment and investment risk in one or more of the markets in which the underlying loan security is located may result in significant changes in fair values and are among the primary causes of changes in value.

1. Organization, going concern considerations and significant accounting policies (cont'd):

e) Inventories-

Inventories are valued at the lower of cost (based on the first-in, first-out method) and net realizable value.

f) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. At the end of each accounting period management considers whether there has been a permanent impairment in the value of capital assets including goodwill, by estimating the net recoverable amount of the unamortized portion. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

The capital assets are recorded at cost less applied grant funds and accumulated depreciation. Amortization is being provided for by the straight-line method over the following estimated useful lives:

Building additions	40 years
Leasehold improvements	5 to 40 years
Furniture and fixtures	10 years
Staff quarters	10 to 25 years
Parking lot	25 years
Computer equipment	3-1/3 years
Vehicles	3-1/3 years
Equipment under capital lease	5-1/2 years

These financial statements do not include the capital assets of the Hecla Golf Course, Falcon Lake Golf Course and Games Area and part of the Gull Harbour Resort and Conference Center which are owned by Province of Manitoba.

g) Non-monetary transactions-

Non-monetary exchanges of services are recorded at the fair market value of the services provided or received.

2. Capital assets:

	March 31			
	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building additions	$ 1,897,886	$ 741,410	$ 1,897,886	$ 693,963
Leasehold improvements	1,639,294	471,106	1,584,242	427,196
Furniture and fixtures	1,700,444	1,415,768	1,695,444	1,268,026
Staff quarters	640,927	213,154	608,702	187,517
Parking lot	362,687	73,203	362,687	58,696
Golf Course improvements	751,881	51,453	738,242	32,264
Computer equipment	188,187	177,051	188,187	161,983
Vehicles	969,721	788,869	875,698	655,374
Equipment under capital lease	686,102	377,633	686,102	257,014
	$ 8,837,129	$ 4,309,647	$ 8,637,190	$ 3,742,033
Net book value	$4,527,482		$4,895,157	

3. Bank loan:

The bank loan is due on demand, accrues interest at the prime rate and is guaranteed by the Province of Manitoba to a maximum of $6,203,000 (1999 - $5,527,000).

4. Lease obligations:

(a) The Company operates the Gull Harbour Resort and Conference Centre, the Hecla Golf Course, and the Falcon Lake Golf Course and Games Area under lease agreements with the Province of Manitoba. Lease payments of $147,364 (2000 - $140,367) were made to the Province. At year end, accounts payable include $296,152 (2000 - $148,767) relating to the lease agreement with the Province.

(b) The Company rents space and equipment under various operating leases which expire through 2005. The future minimum lease payments under these operating leases for the remaining lease terms are as follows.

2002	$	190,090
2003		21,328
2004		11,707
2005		1,156
	$	224,281

5. Government reporting entity - related parties:

The following information is presented in accordance with a request by the Minister of Finance of The Government of the Province of Manitoba.

During fiscal 2001, the Company transacted with the following three entities in the Government Reporting Entity above the specified level of $100,000. Payments of $131,309 and $139,282 were made to Manitoba Hydro for 2001 and 2000 respectively. Payments of $163,685 and $166,033 were made to the Manitoba Liquor Control Commission in 2001 and 2000 respectively. Lease payments of $147,364 and $140,367 were made to Manitoba Natural Resources in 2001 and 2000 respectively. Revenues included $90,972 and $102,896 from Manitoba Hydro for 2001 and 2000 respectively.

As at March 31, 2001 and 2000, the Company had amounts receivable from and payable to entities in the Government Reporting Entity as follows:

		2001		2000
Receivable from:				
Manitoba Hydro	$	225	$	4,659
Department of Natural Resources		147		302
	$	372	$	4,961
Payable to:				
Manitoba Hydro	$	178	$	890
Department of Natural Resources		296,152		148,767
Department of Finance - Insurance and risk Management		8,000		8,450
Department of Finance - Provincial Sales Tax		12,209		5,957
	$	316,539	$	164,064

6. **Future minimum lease payments under capital leases:**

The Company has obligations under various capital leases for golf carts, telephone equipment and a photocopier, which expire through 2003.

2002	$ 154,533
2003	152,138
2004	7,909
	314,580
Amount representing interest	(18,100)
Balance of obligation	$ 296,480

PRICEWATERHOUSECOOPERS

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May 25, 2001

Auditors' Report

To the Membership of
Winnipeg Child And Family Services

We have audited the balance sheet of **Winnipeg Child And Family Services** (the Agency) as at March 31, 2001 and the statements of revenue, expenses and fund balance - Operating Fund; revenue, expenses and fund balance - Family Support Innovations Fund; revenue, expenses and fund balance - Other Funds; and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Winnipeg Child and Family Services as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Winnipeg Child And Family Services

Balance Sheet

As at March 31, 2001

	2001 $	2000 $
Assets		
Current		
Accounts receivable		
Province of Manitoba	6,126,500	5,176,918
Other	444,661	199,872
Pre-paid expenses	151,190	54,681
	6,722,351	5,431,471
Investment - GIC, at cost	99,512	-
Capital assets (note 5)	1,825,696	1,933,145
	8,647,559	7,364,616
Liabilities		
Current		
Bank indebtedness (note 6)	968,650	91,614
Accounts payable	5,558,422	5,082,858
Current portion of long-term debt (note 7)	39,467	168,970
	6,566,539	5,343,442
Long-term debt (note 7)	221,030	146,967
Deferred grant funding	136,392	136,960
	6,923,961	5,627,369
Fund balances (note 3)	1,723,598	1,737,247
	8,647,559	7,364,616

Winnipeg Child And Family Services

Statement of Revenue, Expenses and Fund Balance - Operating Fund

For the year ended March 31, 2001

	2001 $	2000 $
Revenue		
Provincial grants and billings	80,153,174	73,307,986
Children's Foundation	26,914	101,807
West Broadway Neighbourhood Resource Centre	9,228	20,343
Other income	863,962	803,993
	81,053,278	74,234,129
Expenses		
Foster care and special rate care	47,225,722	42,372,181
Salaries and benefits	27,354,387	24,751,356
Office operations	1,281,909	1,307,993
Rent and maintenance	1,406,607	1,442,653
Travel	1,082,318	917,415
Professional fees	844,847	810,222
Other program expenses	1,532,807	1,507,438
	80,728,597	73,109,258
Excess of revenue over expenses	324,681	1,124,871
Operating Fund balance - Beginning of year	-	-
Interfund transfers		
Transfer from Family Support Innovations Fund (note 4)	39,476	73,920
Transfer to Capital Fund for loan payments and assets purchases (note 4)	(364,157)	(1,198,791)
	(324,681)	(1,124,871)
Operating Fund balance - End of year	-	-

Winnipeg Child And Family Services

Statement of Revenue. Expenses and Fund Balance - Family Support Innovations Fund

For the year ended March 31, 2001

	2001 $	2000 $
Revenue		
Provincial grant	876,600	910,600
Expenses		
Salaries and benefits	803,836	774,824
Travel	27,928	21,763
Office operations	2,757	2,934
Payments to Family Centre of Winnipeg	-	34,000
Other program expenses	1,609	3,269
Training costs	994	-
	837,124	836,790
Excess of revenue over expenses	39,476	73,810
Fund balance - Beginning of year	-	110
Transfer to Operating Fund (note 4)	(39,476)	(73,920)
Fund balance - End of year	-	-

Winnipeg Child And Family Services

Statement of Revenue, Expenses and Fund Balance - Other Funds

For the year ended March 31, 2001

		Restricted Fund
	Capital Fund **$**	**Trust Fund** **$**
Revenue		
Donations		
Winnipeg Foundation	-	20,000
Other	-	210,298
	-	230,298
Expenses		
Amortization of capital assets	416,166	-
Program expenses	-	191,937
	416,166	191,937
Excess (deficiency) of revenue over expenses	(416,166)	38,361
Balance of funds - Beginning of year	1,617,208	120,038
Transfer from Operating Fund for loan payments and assets purchases (note 4)	364,157	-
Balance of funds - End of year	1,565,199	158,399

Winnipeg Child And Family Services

Statement of Cash Flows

For the year ended March 31, 2001

	2001 $	2000 $
Cash flows from operating activities		
Cash received from the Province	80,080,192	74,039,759
Cash received from other sources	885,612	1,142,840
Cash payments to foster parents, collaterals, employees and suppliers	(81,379,171)	(74,325,407)
	(413,367)	857,192
Cash flows from financing activities		
Repayment of long-term debt	(55,440)	(57,538)
Cash flows from investing activities		
Purchase of capital assets	(308,717)	(1,141,253)
Purchase of investments	(99,512)	-
	(408,229)	(1,141,253)
Decrease in cash	(877,036)	(341,599)
Cash (bank indebtedness) - Beginning of year	(91,614)	249,985
Bank indebtedness - End of year	(968,650)	(91,614)

1 Purpose of the organization

Winnipeg Child and Family Services (the Agency) is an agency entrusted under the Child and Family Services Act to provide services that help families, services that protect children at risk of abuse and neglect, services to children in care, and adoption services.

2 Significant accounting policies

The Agency follows the accounting policies required by the Department of Family Services, Province of Manitoba.

Basis of accounting

The Agency receives the majority of its revenue from grant funding and per diem payments from the Manitoba Department of Family Services. The ongoing operations of the Agency are dependent on continued financial support at adequate levels from the Manitoba Government. These financial statements are prepared on the basis that this support will continue and that the Agency will be able to realize its assets and discharge its liabilities in the ordinary course of business.

Capital assets

Capital expenditures funded by the Operating Fund are recorded as a transfer in the Operating Fund in the year of acquisition and recorded at cost in the Capital Fund.

Amortization of capital assets

The cost of capital assets is amortized at the following rates:

i) Houses and office buildings - amortized over 25 years or the term of the mortgage, whichever is shorter
ii) Furniture, leaseholds and equipment - amortized over 5 years on a straight-line basis
iii) Computer equipment and software - amortized over 5 years on a straight-line basis

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund and other general funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Vacation pay

Vacation pay entitlements are recorded as a component of salary costs in the year the vacation entitlement is taken by the employee. Vacation pay entitlements at March 31, 2001 of $2,449,602 (2000 - $2,506,335) have not been accrued in these financial statements.

Pension costs

The Agency is a member of the United Way and Participating Affiliated Agencies Employees' Retirement Plan, a multi-employer defined benefit plan. Pension costs are recorded in the financial statements equal to the required annual contributions determined by the Plan's Board of Trustees, based on periodic actuarial valuations. Pension expense for the year was $825,849 (2000 - $741,420). The last actuarial valuation, completed at December 31, 1999, indicated a surplus in the Plan.

3 Fund balances

The Agency follows the restricted fund method of accounting for contributions. The Agency maintains the following funds:

Operating Fund

Funds designated for the delivery of social services to children and families.

Family Support Innovations Fund

Restricted funds designated to cover the cost of service initiatives which resulted in reductions in Agency days care, expenditures and children in care through family focused services as well as adoption and long-term fostering.

Capital Fund

Funds designated for capital expenditures.

Trust Fund

Restricted funds designated for special purposes.

	2001 $	2000 $
Invested in capital assets	1,565,199	1,617,208
Externally restricted Trust Funds	158,399	120,039
	1,723,598	1,737,247

4 Interfund transfers and balances

During the year, $39,476 (2000 - $73,920) was transferred from the Family Support Innovations Fund to the Operating Fund in order to fund program expenses. In addition, $364,157 (2000 - $1,198,791) was transferred from the Operating Fund to the Capital Fund in order to fund cash outlays for capital asset acquisitions and debt service.

Interfund balances have no fixed terms of repayment and do not bear interest.

5 Capital assets

	2001		2000	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Houses and office buildings	1,643,245	602,462	1,643,245	513,527
Furniture, leaseholds and equipment	1,738,077	1,364,195	1,563,156	1,228,654
Computer equipment and software	1,605,361	1,194,330	1,471,565	1,002,640
	4,986,683	3,160,987	4,677,966	2,744,821
Net book value	1,825,696		1,933,145	

6 Bank indebtedness

The Agency has an operating line with its banker for up to $3,000,000. Interest is payable monthly at the bank prime rate. The operating line is secured by a general assignment of book debts, a borrowing resolution and confirmation of funding from the Province of Manitoba.

7 Long-term debt

	2001 **$**	**2000** **$**
408 Atlantic Avenue 10% mortgage, payable $613 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	48,282	53,023
544 Aberdeen Avenue 10% mortgage, payable $601 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	54,067	56,875
665 Atlantic Avenue 10% mortgage, payable $599 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	42,345	48,175
487/489 Cathedral Avenue 6.8% mortgage, payable $711 monthly including principal and interest, due March 1, 2004, secured by a first mortgage on land and buildings	16,437	29,253
36 Alloway Avenue 7.35% mortgage, payable $429 monthly including principal and interest, due December 1, 2005, secured by a first mortgage on land and buildings	33,687	41,424
Carried forward	194,818	228,750

	2001 $	2000 $
Brought forward	194,818	228,750
141 Canora Street 7.5% mortgage, payable $508 monthly including principal and interest, due September 1, 2005, secured by a first mortgage on land and building	39,331	48,558
486 Dominion Street 6.85% mortgage, payable $526 monthly including principal and interest, due March 1, 2006, secured by a first mortgage on land and building	26,348	35,958
311 Inkster Blvd. 8.5% mortgage, payable $665 monthly including principal and interest, due June 1, 2001, secured by a first mortgage on land and building	-	2,671
	260,497	315,937
Less: Principal payment due within one year	39,467	168,970
	221,030	146,967

The fair value of the mortgages, demand loan, and variable rate commercial loan are not materially different from their carrying values.

Principal payments due within the next five years are approximately as follows:

	$
Year ending March 31, 2002	39,467
2003	38,840
2004	30,935
2005	122,113
2006	29,142

8 Lease commitments

The Agency leases properties under long-term operating leases which expire at various dates to 2005. There are options to renew certain of these leases. The future minimum lease payments under these operating leases for the next five years are as follows:

	$
Year ending March 31, 2002	1,065,820
2003	837,874
2004	753,281
2005	586,841
2006	437,165

9 Contingencies

There are various legal claims against the Agency which, in the opinion of management, will be resolved with no material adverse effect on the Agency.

GOVERNMENT ENTERPRISES

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Board of Commissioners
The Liquor Control Commission

We have audited the balance sheet of The Liquor Control Commission (an agency of the Government of the Province of Manitoba) as at March 31, 2001 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of The Liquor Control Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Liquor Control Commission as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Canada
May 11, 2001

Grant Thornton LLP
Chartered Accountants

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The Liquor Control Commission
Statement of Income

(In Thousands)

Year Ended March 31	2001	2000
Sales	$ 400,825	$ 393,535
Cost of sales	210,135	205,324
Gross profit	190,690	188,211
Other income (Note 4)	5,629	5,452
	196,319	193,663
General and administrative expenses (Note 5)	36,622	36,398
Operating profit before depreciation	159,697	157,265
Depreciation (Notes 2 and 6)	1,084	961
Net profit paid or payable to the Province of Manitoba	$ 158,613	$ 156,304

See accompanying notes to the financial statements.

The Liquor Control Commission
Balance Sheet

(In Thousands)

March 31	2001	2000
Assets		
Current		
Cash on hand and in banks	$ 11,542	$ 7,683
Accounts receivable - Province of Manitoba	1,375	1,375
Accounts receivable - claims and other	883	553
Inventory (Note 3)	16,853	15,794
Prepaids expenses and supplies	550	563
	31,203	25,968
Fixed assets (Note 6)	5,668	4,972
Long-term commitments - Province of Manitoba	41,898	39,961
	$ 78,769	$ 70,901
Liabilities		
Current		
Accounts payable - trade and other	$ 12,234	$ 10,371
Goods and services tax payable	2,028	939
Manitoba retail sales tax payable	884	837
Net profit payable to the Province of Manitoba	16,113	13,504
Environmental protection tax payable	112	107
Deferred licence fees	518	521
	31,889	26,279
Long-term		
Provision for employee pension benefits	38,734	36,797
Provision for retirement allowances	3,646	3,325
Non-interest bearing working capital advance provided by the Province of Manitoba	4,500	4,500
	$ 78,769	$ 70,901

See accompanying notes to the financial statements.

The Liquor Control Commission
Statement of Cash Flows

(In Thousands)
Year Ended March 31

	2001	2000
Increase (decrease) in cash on hand and in banks		
Operating activities		
Cash receipts		
Sales - spirits, wine, coolers/ciders and beer	$ 400,825	$ 393,535
Annual and supplementary licence fees and other	3,229	3,780
Goods and services tax	28,272	27,722
Manitoba retail sales tax	11,777	11,599
Manitoba WRAP tax	319	317
Environmental protection tax	1,537	1,529
	445,959	438,482
Cash disbursements		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	209,960	207,637
General and administrative expenses	33,661	35,337
Goods and services tax	27,182	27,665
Manitoba retail sales tax	11,731	11,557
Manitoba WRAP tax	292	317
Environmental protection tax	1,532	1,532
	284,358	284,045
Net cash available from operating activities	161,601	154,437
Investing activities		
Acquisition of fixed assets	(1,760)	(2,013)
Increase (decrease) in holdbacks payable	22	13
Net cash used for investing activities	(1,738)	(2,000)
Net cash available for transfer	159,863	152,437
Transfers to Province of Manitoba		
Current year's net profit	142,500	142,800
Prior year's net profit	13,504	5,010
	156,004	147,810
Excess of cash receipts over (under disbursements and transfers)	3,859	4,627
Cash on hand and in banks, beginning of year	7,683	3,056
Cash on hand and in banks, end of year	$ 11,542	$ 7,683

See accompanying notes to the financial statements.

The Liquor Control Commission
Schedule of Sales, Cost of Sales and Gross Profit

(In Thousands)
Year Ended March 31, 2001

	Spirits	Wine	Coolers/ Ciders	Beer	Total
Sales					
Stores	$ 101,962	$ 40,478	$ 5,660	$ 19,781	$ 167,881
Liquor vendors	28,700	4,820	1,708	2,857	38,085
Licensees	21,999	3,212	1,529	157,960	184,700
Specialty wine stores	-	9,847	312	-	10,159
Total sales for 2001	**$ 152,661**	**$ 58,357**	**$ 9,209**	**$ 180,598**	**$ 400,825**
Total sales for 2000	$ 151,767	$ 58,064	$ 8,731	$ 174,973	$ 393,535
Cost of sales					
Total cost of sales for 2001	**$ 61,244**	**$ 27,676**	**$ 4,856**	**$ 116,359**	**$ 210,135**
Total cost of sales for 2000	$ 60,515	$ 27,300	$ 4,631	$ 112,878	$ 205,324
Gross profit for 2001	**$ 91,417**	**$ 30,681**	**$ 4,353**	**$ 64,239**	**$ 190,690**
Gross profit for 2000	$ 91,252	$ 30,764	$ 4,100	$ 62,095	$ 188,211
Gross profit as a percentage of sales for 2001	59.9%	52.6%	47.3%	35.6%	47.6%
Gross profit as a percentage of sales for 2000	60.1%%	53.0%	47.0%	35.5%	47.8%

The Liquor Control Commission
Notes to the Financial Statements

(In Thousands)
March 31, 2001

1. Nature of organization

The Liquor Control Commission was formed in 1923 as an agency of the Government of Manitoba under the Government Liquor Control Act. The Commission's mandate is to purchase, sell and regulate alcoholic beverages; to determine locations for retail liquor outlets; to licence and regulate facilities used by the consuming public; to provide revenue to the Province from the activities of the Commission; and to do all such things necessary to effect the provisions of The Liquor Control Act.

2. Significant accounting policies

a. Inventories of goods for resale are valued at cost.

b. Depreciation is provided on the declining balance basis at the following annual rates:

Automobiles	30%
Equipment and furnishings	20%
Paving	8%
Systems development	30%

Leasehold improvements are depreciated on a straight line basis over the remaining term of the lease or a minimum of five years.

c. Pension costs

Substantially all of the employees of the Liquor Control Commission are members of the Civil Service Superannuation Act, which is a multi-employer defined benefit pension plan available to all eligible employees of the participating organizations. Plan members will receive benefits based on the length of services and on the average of annualized earnings calculated on the best five years prior to retirement, termination, or death, that provides the highest earnings. The costs of the benefit plan are not allocated to the individual participating organizations and therefore such organizations are not able to identify their share of the underlying assets and liabilities of the plan. Accordingly, the plan is accounted for as a defined contribution plan as the Commission has insufficient information to apply defined benefit plan accounting.

Pension costs, included in salaries, benefits and pension costs, consist of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by formula provided by the actuary. The most recent valuation was completed as at December, 1998. Pension costs incurred during the year by the Commission amounted to $1,936,704 (2000: $1,703,592) and are included in the statement of income.

d. Other income

Other income includes funding from the Province of Manitoba for the Commission's share of provisions provided for unfunded pension liabilities.

2. Significant accounting policies (continued)

e. The Commission's financial instruments consist of cash, accounts receivable, amounts due to a related party and accounts payable. It is management's opinion that the Commission is not exposed to interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Inventory

	2001	2000
In bond merchandise	$ 9,445	$ 8,766
Duty paid merchandise	7,408	7,028
	$ 16,853	$ 15,794

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is approximately $2,435 at March 31, 2001 (2000: $2,700).

4. Other income

	2001	2000
Long-term funding commitments - Province of Manitoba	$ 1,937	$ 1,704
Miscellaneous	869	872
Occasional permits additional fees	827	879
Supplementary licence fees	751	739
Annual licence fees and licence application fees	612	589
Occasional permits	290	305
Administration charges	234	254
Border point fees	77	72
Speciality wine store fees	32	38
	$ 5,629	$ 5,452

The Liquor Control Commission
Notes to the Financial Statements

(In Thousands)
March 31, 2001

5. General and administrative expenses

	2001	2000
Salaries, benefits, and pension costs	$ 23,516	$ 23,019
Leased premises - rentals (Note 7)	4,108	3,702
Delivery charges	1,130	1,065
Advertising and promotions	1,009	1,077
Maintenance and repairs	961	945
Utilities	939	977
Bank charges	686	637
Printing, postage and supplies	597	683
Grants in lieu of taxes	508	488
Equipment rentals (Note 7)	463	491
Professional fees	387	331
Health and post secondary education tax levy	381	382
Protective services	298	272
Communications	270	241
Miscellaneous	268	300
Staff training	251	253
Travelling	203	165
Vehicle expenses	161	149
Product analysis	145	165
Community support	127	769
Alcohol education	107	180
Crown Corporations Council levy	107	107
	$ 36,622	$ 36,398

6. Depreciation/fixed assets

			2001	2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Leasehold improvements	$ 3,044	$ 584	$ 2,460	$ 1,993
Equipment and furnishings	2,997	1,088	1,909	1,661
Systems development	2,087	1,116	971	981
Automobiles	406	188	218	228
Paving	156	46	110	109
	$ 8,690	$ 3,022	$ 5,668	$ 4,972

7. Long-term leases

a. The Commission leases its head office and 10 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985, for a period of 99 years.

b. The Commission leases another 37 buildings. Leases have expiry dates ranging from 2001 to 2011.

The future minimum lease payments for each of the next five years and thereafter are as follows:

2002	$	2,895
2003		2,698
2004		2,506
2005		2,270
2006		2,077
Thereafter		6,093

c. The Commission leases computer equipment. Leases on this computer equipment expire in 2004.

The future minimum lease payments for each of the years to the expiry of the lease contracts are as follows:

2002	$	355
2003		210
2004		104

8. Contingent liability

a. Legal action has been taken against the Commission by DFS Ventures contesting the Commission's right to collect markup on any liquor sold to DFS Ventures. The outcome of this action and the amounts involved are not determinable.

b. Legal action has been taken against the Commission by the six stand-alone private wine stores claiming the Commission's interference with their economic interests, abuse of public authority and breach of contract. The outcome of this action and the amounts involved are not determinable.

9. Comparative figures

Prior year's comparative figures have been restated, where necessary, to conform with the financial statement presentation adopted for the fiscal year ended March 31, 2001

Management's Responsibility for Financial Reporting

The accompanying financial statements, and other financial information in the Annual Report are the responsibility of management and have been approved by the Board of Directors. The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles and include, where appropriate, amounts based on management's best estimate and judgements. Any financial information contained in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance of the reliability and accuracy of the financial information and that assets are properly safeguarded from loss. The external auditors have performed an independent examination of the financial statements of the Corporation in accordance with generally accepted auditing standards.

R. Gallant
Chairman and Chief Executive Officer
September 20, 2001

R. Barnabé
Manager, Finance & Administration
September 20, 2001

Auditors' Report

To the Board of Directors
Manitoba Hazardous Waste Management Corporation

We have audited the balance sheet of Manitoba Hazardous Waste Management Corporation as at March 31, 2001 and the statements of operations and retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all materials respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Winnipeg, Manitoba
July 6, 2001

Balance Sheet

As at March 31, 2001 (with 2000 comparative figures)

	2001	2000
ASSETS		
CURRENT		
Cash	$ 190,585	$ 233,220
Accounts receivable	20,000	20,000
Long term investment-Miller Environmental Corporation (note 2c)	3,000,000	3,000,000
Capital assets-land, at cost	170,305	170,305
Deferred development costs (note 3)	3,542,065	3,782,205
TOTAL ASSETS	$ 6,922,955	$ 7,205,730
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 13,508	$ 31,352
EQUITY		
Share capital		
Authorized 350,000 shares for a maximum consideration of $35,000,000		
Issued and fully paid-75,000 shares	7,500,000	7,500,000
Retained earnings (Deficit)	(590,553)	(325,622)
Total equity	6,909,447	7,174,378
TOTAL LIABILITIES AND EQUITY	$ 6,922,955	$ 7,205,730

Signed on behalf of the Board:

R. Gallant
Chairman and Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

Manitoba Hazardous Waste Management Corporation

Statement of Operations and Retained Earnings (Deficit)

For the year ended March 31, 2001 (with 2000 comparative figures)

	2001	2000
EXPENSES		
Amortization of deferred development costs	240,140	240,140
General and administrative expenses	24,791	82,339
Total expenses	264,931	322,479
NET LOSS FOR THE YEAR	(264,931)	(322,479)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	(325,622)	(3,143)
RETAINED EARNINGS (DEFICIT), END OF YEAR	$ (590,553)	$ (325,622)

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended March 31, 2001 (with 2000 comparative figures)

	2001	2000
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	$ (264,931)	$ (322,479)
Non-cash items		
Amortization of deferred development costs	240,140	240,140
Changes in non-cash working capital		
Accounts payable and accrued liabilities	(17,844)	(27,074)
Cash used for operating activities	(42,635)	(109,413)
DECREASE IN CASH	(42,635)	(109,413)
CASH, BEGINNING OF YEAR	233,220	342,633
CASH, END OF YEAR	$ 190,585	$ 233,220

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The Corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the Corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Coproration (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shared of Miller. Under the agreements, the Corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Reporting**
The financial statements have been prepared in accordance with generally accepted accounting principles.

b) **Deferred Development Costs and Amortization**
Deferred development costs are recorded at cost. These costs are being amortized on a straight line basis over 20 years.

c) **Long Term Investment, Shares**
The investment in Miller Environmental Coporation is recorded at cost.

d) **Rental Income**
According to the terms of the site lease with Miller, rental income is based on a percentage of Miller's gross profits.

3. DEFERRED DEVELOPMENT COSTS, at amortized cost

	2001	2000
Balance, beginning of year	$ 3,705,205	$ 4,022,345
Amortization	240,140	240,140
Balance end of year	$ 3,542,065	$ 3,782,205

4. RENTAL INCOME

Rental income was earned in the current year. As the computation of gross profit rental income requires approval of both Miller Environmental and MHWMC board, management has opted to record no rental income until approval is received.

5. ECONOMIC DEPENDENCE

The Corporation is economically dependent on Miller Environmental Corporation. The Corporation's main furture sources of revenue are site lease rental revenue and dividend income from its affiliate.

6. PUBLIC SECTOR COMPENSATION

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the renumeration paid to Board members during the year, in aggregate, totaled $8,549. No employee's compensation exceeded $50,000 per year.

7. CONTINGENT LIABILITIES

Under the terms of the agreements with Miller Environmental Coporation, MHWMC would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

Auditors' Report

To The Manitoba Hydro-Electric Board

We have audited the consolidated balance sheet of The Manitoba Hydro-Electric Board as at March 31, 2001 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Winnipeg, Canada
June 1, 2001

Consolidated Balance Sheet

As at March 31

	2001	2000
		millions of dollars
ASSETS		
Capital Assets (Note 7)		
In service	$ 8 762	$ 8 454
Less accumulated depreciation	2 609	2 407
	6 153	6 047
Construction in progress	275	188
	6 428	6 235
Current Assets		
Bank balances and temporary investments (Note 14)	–	15
Accounts receivable, accrued revenue and other assets (Note 8)	465	232
Interest receivable	16	20
Materials and supplies, at average cost	59	77
	540	344
Other Assets		
Sinking fund investments (Note 9)	1 149	1 282
Pension assets (Note 10)	443	425
Deferred debt costs (Note 11)	88	121
Other deferred assets (Note 12)	314	285
	1 994	2 113
	$ 8 962	$ 8 692

Approved on behalf of the Board:

Curtis

Victor H. Schroeder, QC
Chairman of the Board

Charles E. Curtis, FCA
Chairman of the Audit Committee

	2001	2000
		millions of dollars
LIABILITIES AND RETAINED EARNINGS		
Long-Term Debt (Note 13)		
Long-term debt net of sinking fund	$ 4 871	$ 5 329
Sinking fund (Note 9)	1 149	1 282
	6 020	6 611
Current Liabilities		
Bank overdraft (Note 14)	2	–
Accounts payable and accrued liabilities	191	160
Notes payable (Note 15)	210	–
Accrued interest	95	106
Current portion of long-term debt	435	159
	933	425
Other Liabilities		
Deferred liabilities and credits (Note 16)	254	205
Pension liability (Note 10)	386	358
	640	563
Contributions in Aid of Construction	281	275
Retained Earnings	1 088	818
	$ 8 962	$ 8 692

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Income and Retained Earnings
For the year ended March 31

The results for 2000 incorporate eight months of operations of the Corporation's subsidiary Centra Gas Manitoba Inc. from the date of acquisition July 30, 1999.

		2001	2000
		millions of dollars	
Revenues			
Electric	Manitoba	$ 793	$ 748
	Extraprovincial (Note 3)	480	376
Gas	Commodity	384	182
	Distribution	120	87
		1 777	1 393
Expenses			
Operating and administrative		289	271
Depreciation and amortization		249	227
Water rentals and assessments (Note 4)		56	51
Fuel and power purchased (Note 5)		48	33
Capital and other taxes		61	58
Cost of gas sold (Note 21)		384	182
		1 087	822
Income before finance expense		690	571
Finance expense (Note 6)		420	419
Net Income		270	152
Retained Earnings, Beginning of Year		818	666
Retained Earnings, End of Year		$ 1 088	$ 818

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended March 31

The results for 2000 incorporate eight months of operations of the Corporation's subsidiary Centra Gas Manitoba Inc. from the date of acquisition July 30, 1999.

millions of dollars

	2001	2000
Cash Provided From Operations		
Cash receipts from customers	$ 1 664	$ 1 352
Cash paid to suppliers and employees	(912)	(567)
Interest paid	(531)	(490)
Interest received	113	79
	334	374
Cash Provided From Financing		
Proceeds from long-term debt	292	943
Sinking fund withdrawals	275	–
Retirement of long-term debt	(609)	(218)
Premium on long-term debt	4	–
Mitigation liability	(2)	(48)
Notes payable	210	(237)
	170	440
Cash Used For Investment		
Additions to capital assets, net of contributions	362	330
Acquisition of subsidiaries	–	242
Taxes paid on acquisition of subsidiaries	–	58
Sinking fund payment	119	178
Pension assets	–	7
Other	40	41
	521	856
Decrease In Cash	(17)	(42)
Cash At Beginning Of Year	15	57
Cash (Bank Overdraft) At End Of Year (Note 14)	$ (2)	$ 15

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. The results for 2000 incorporate eight months of operations of the Corporation's subsidiary Centra Gas Manitoba Inc. (Centra Gas) from the date of acquisition July 30, 1999.

a) CAPITAL ASSETS

Property, plant and equipment are stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Finance expense is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in service is made, finance expense allocated to construction ceases and depreciation and finance expense charged to operations commences.

b) DEPRECIATION

Depreciation is provided on a straight-line remaining life basis. The major components of generating stations are depreciated over the lesser of the remaining life of the major component or the remaining life of the associated generating station.

The range of the estimated service lives of components within each major asset category is as follows:

Hydroelectric generation	40 - 100 years
Thermal electric generation	35 - 45 years
Transmission lines and stations	20 - 80 years
Distribution lines (Electrical and Gas)	10 - 60 years

Provision for removal costs of major property, plant and equipment is charged to depreciation expense on a straight-line basis over the remaining service lives of the related assets. In accordance with utility accounting practices, retirements of these assets are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives of the assets and the estimate of their removal costs are based upon depreciation studies conducted periodically by the Corporation. A provision for estimated future costs of removal and site restoration costs related to the decommissioning of the thermal generating stations are being recorded in the balance sheet as a deferred liability.

c) FOREIGN CURRENCY TRANSLATION

Exposure Management Program

The impact of exchange fluctuations associated with United States (U.S.) currency has been essentially eliminated through the Corporation's Exposure Management Program. The program effectively hedges the Corporation's net principal debt, interest obligations, power purchases and thermal fuel purchases through future U.S. export revenues and the income from U.S. sinking fund investments.

For the purposes of recording hedged U.S. dollar inflows and outflows, the exchange rate is designated based on the historical book value of the U.S. principal debt ($1.00 U.S. = $1.174 Canadian). Mismatches between U.S. dollar inflows and outflows are bridged through the use of forward exchange contracts or debt and investment instruments which are valued at the designated exchange rate.

United States Long-Term Debt

In accordance with the Corporation's Exposure Management Program, U.S. debt is translated at the rates of exchange in effect at the dates of issue or, if arranged for refinancing purposes, at the historical book value exchange rate of the debt being refinanced. U.S. debt fixed by foreign exchange contract is recorded at the contracted rate.

Current Assets and Current Liabilities

Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet or at rates determined under the Corporation's Exposure Management Program. The unrealized exchange gains or losses together with realized exchange gains or losses are credited or charged to operations.

Sinking Fund Investments

U.S. denominated sinking fund investments are translated into Canadian currency at the weighted average historical exchange rate of the U.S. denominated debt.

Other Transactions

Other expense and revenue transactions made in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the transaction, except transactions covered by monetary contracts which are translated into Canadian dollars at the rates of exchange established by the contracts.

d) PENSION AND OTHER EMPLOYEE FUTURE BENEFITS

The costs of pension benefits are determined by an independent actuary using the accrued benefit method and management's best estimate assumptions. Pension expense is comprised of the cost of pension benefits provided during the year plus the amortization of the cost of past service benefits and experience gains and losses.

The unamortized present value of past service benefits and actuarially determined experience gains or losses are recognized in the financial statements as a deferred asset or credit and are amortized over 14 years, the expected average remaining service life of the employees covered by the plans.

All pension assets are stated at current market value.

Other employee future benefits earned by employees includes banked vacation, vested sick leave and long-term disability. The cost of these benefits is determined based on management's best estimate of discount rates, salary escalation and retirement ages of employees.

e) VACATION EXPENSE

The vacation expense in respect of employees' services rendered to the date of initial recognition of the liability has been recognized in the financial statements as a deferred asset and is being amortized on a straight-line basis over a period of 10 years. The annual change in the vacation liability is recorded in current operations.

f) DEBT DISCOUNT AND EXPENSE

Debt discount and associated issue costs are amortized to finance expense on a straight-line basis over the life of the respective debt.

g) **SINKING FUND INVESTMENTS**

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of each investment is recorded as a premium or discount and is amortized on a straight-line basis over the remaining life of the investment. Any gain or loss on early disposal of investments is credited or charged to operations.

h) **TEMPORARY INVESTMENTS**

Temporary investments are recorded at cost.

i) **PLANNING STUDIES**

Planning studies costs are recorded as a deferred expense and are amortized on a straight-line basis over 15 years. The balance of the unamortized costs of a project which proceeds during the 15 year period is transferred to the capital cost of the project.

j) **DEMAND SIDE MANAGEMENT PROGRAMS**

The costs of the Corporation's energy conservation programs, referred to as demand side management or Power Smart®, are deferred and amortized on a straight-line basis over periods of up to 15 years.

k) **SITE RESTORATION COSTS**

Site restoration costs are recorded as a deferred expense and are amortized on a straight-line basis over 15 years.

l) **REVENUES**

Customers' meters are read and billed on a cyclical basis. Revenues are accrued in respect of energy delivered for those cycles not yet billed.

m) **RATE REGULATION**

The prices charged for sales of electricity and gas within Manitoba are subject to review and approval by The Public Utilities Board of Manitoba (PUB).

n) **CONTRIBUTIONS IN AID OF CONSTRUCTION**

Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related capital assets.

o) **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

p) **COST OF GAS SOLD**

Cost of gas sold is recorded at the same rates charged to customers. The difference between the recorded cost of gas and the actual cost of gas is carried as an account receivable or recorded as a deferred item and recovered or refunded in future rates.

q) CENTRA GAS ACQUISITION AND INTEGRATION COSTS

Costs associated with the acquisition of Centra Gas have been deferred and are being amortized on a straight-line basis over a period of 30 years.

r) TAXES

The taxes paid by Centra Gas as a result of its change to non-taxable status on acquisition by Manitoba Hydro have been deferred and are being amortized, on a straight-line basis, over a period of 30 years.

s) GOODWILL

Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is amortized on a straight-line basis over 30 years. The Corporation evaluates its goodwill balance to determine whether any impairment has occurred. Where circumstances indicate a possible inability to recover the carrying amount of goodwill relating to a business acquisition, the Corporation evaluates, on an undiscounted basis, the cash flows of the underlying businesses which gave rise to the goodwill.

NOTE 2 ACQUISITION OF CENTRA GAS MANITOBA INC.

Effective July 30, 1999, the Corporation purchased all of the issued and outstanding common shares of Centra Gas Manitoba Inc. and Minell Pipelines Ltd., for a total purchase price of $242 million. Centra Gas Manitoba Inc. is a gas distribution utility with revenues exceeding $500 million. Minell Pipelines Ltd. consists solely of a 70 kilometre pipeline between Saskatchewan and Manitoba. The acquisition has been accounted for using the purchase method, and the results of Centra Gas Manitoba Inc. and Minell Pipelines Ltd. have been reflected in the Corporation's results of operations since July 30, 1999. This transaction was accounted for as follows:

	millions of dollars
Cash consideration paid	$ 242
Net assets acquired:	
Total assets other than goodwill	$ 471
Total liabilities	(294)
Goodwill	65
	$ 242

NOTE 3 EXTRAPROVINCIAL REVENUES

	2001	2000
	millions of dollars	
United States	$ 371	$ 286
Ontario	59	61
Saskatchewan	50	29
	$ 480	$ 376

If United States extraprovincial revenues had been translated at average rates of exchange prevailing throughout the year ($1.00 U.S. = $1.5040 Canadian), the United States extraprovincial revenues for the year would have amounted to $467 million (2000 - $360 million) and total extraprovincial revenues would have amounted to $576 million (2000 - $450 million).

NOTE 4 WATER RENTALS AND ASSESSMENTS

	2001	2000
	millions of dollars	
Water rentals	$ 51	$ 46
Land rentals and assessments	5	5
	$ 56	$ 51

Water rental costs paid to the Province are incurred for the use of water resources by the Corporation in the operation of its hydroelectric generating stations. Pursuant to The Water Power Act, water rental rates have changed to $3.341 per MW.h from $1.6285 per MW.h effective April 1, 2001.

NOTE 5 FUEL AND POWER PURCHASED

	2001	2000
	millions of dollars	
Thermal fuel	$ 18	$ 15
Power purchased:		
Ontario	6	3
Saskatchewan	2	2
United States	22	13
	$ 48	$ 33

If United States power purchases had been translated at average rates of exchange prevailing throughout the year ($1.00 U.S. = $1.5040 Canadian), the United States power purchases for the year would have amounted to $28 million (2000 - $16 million) and total fuel and power purchases would have amounted to $54 million (2000 - $36 million).

NOTE 6 FINANCE EXPENSE

	2001	2000
	millions of dollars	
Interest on debt, excluding Centra Gas acquisition	$ 523	$ 503
Interest on Centra Gas acquisition financing	17	11
Amortization of discount and expenses	6	8
Finance expense allocated to construction	(18)	(17)
Investment income	(108)	(86)
	$ 420	$ 419

Included in interest on debt is $51 million (2000 – $42 million) in respect of the Provincial Guarantee Fee. This fee is calculated using 0.65% in April and 0.70% thereafter, of the total outstanding debt guaranteed by the Province as at each month end (2000 – 0.65%). Effective April 1, 2001 the fee has been increased to 0.95%.

If interest on United States debt and interest income on United States sinking fund investments had been translated at average rates of exchange prevailing throughout the year ($1.00 U.S. = $1.5040 Canadian) the finance expense for the year would have amounted to $469 million (2000 – $464 million).

NOTE 7 CAPITAL ASSETS

	2001			2000		
	millions of dollars					
	In Service	Accumulated Depreciation	Construction in Progress	In Service	Accumulated Depreciation	Construction in Progress
Generation	$ 4 194	$ 1 109	$ 119	$ 4 117	$ 1 038	$ 39
Transmission	645	168	24	602	157	49
Substations	1 594	613	64	1 543	570	51
Distribution	1 647	480	24	1 502	435	20
Other	682	239	44	690	207	29
	$ 8 762	$ 2 609	$ 275	$ 8 454	$ 2 407	$ 188

NOTE 8 ACCOUNTS RECEIVABLE, ACCRUED REVENUE AND OTHER ASSETS

Included in accounts receivable are deferred gas costs in the amount of $120 million (2000 – $10 million) which represent the difference between the actual cost of gas and the recorded costs of sales.

Deferred gas costs will be recovered from customers in future billing periods during the next twelve to twenty-four months.

NOTE 9 SINKING FUND INVESTMENTS

As provided by The Manitoba Hydro Act, the Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba of not less than 1% of the principal amount of the outstanding debt on the preceding March 31, and 4% of the balance in the sinking fund at such date.

Income earned on sinking fund investments is included with investment income for the year.

Sinking funds are invested in government bonds and the bonds of highly rated corporations and financial institutions.

	2001	2000
	millions of Canadian dollars	
Sinking Fund Investments:		
Canadian investments	$ 563	$ 680
U.S. investments	586	602
	$ 1 149	$ 1 282

The Canadian sinking fund has a weighted average term to maturity of 5.2 years (2000 – 8.4 years) and an effective yield to maturity of 6.89% (2000 – 7.3%). The U.S. sinking fund has a weighted average term to maturity of 3.3 years (2000 – 4.1 years) and an effective yield to maturity of 6.63% (2000 – 7.0%).

Investments denominated in U.S. currency are not subject to foreign exchange fluctuations as book value rates have been fixed in accordance with the Corporation's Exposure Management Program.

If U.S. sinking funds had been translated at the exchange rate prevailing at the balance sheet date ($1.00 U.S. = $1.5774 Canadian), the investments as at March 31, 2001 would have increased by $201 million Canadian (2000 – increased by $149 million Canadian).

	2001	2000
	millions of Canadian dollars	
Sinking Fund Contributions:		
Canadian investments	$ 22	$ 84
U.S. investments	97	94
	$ 119	$ 178

NOTE 10 PENSION ASSETS AND OBLIGATION

Manitoba Hydro employees are eligible for pensions under the Manitoba Civil Service Superannuation Fund (the Fund). The Fund is a defined benefit plan which requires the Corporation to contribute 50% of the pension disbursements made to retired employees.

The most recent actuarial valuation for the Corporation's obligation was performed with respect to the liability outstanding as at December 31, 2000. This valuation incorporated management's best estimate assumptions and took into consideration the long-term nature of the plan. The pension liability amounted to $386 million at March 31, 2001 (2000 – $358 million).

The significant actuarial assumptions adopted in measuring the Corporation's pension and other employee benefit obligations are as follows:

	2001	2000
Discount rate	7.25%	7.25%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase, including inflation, merit and promotions	3.50 - 4.00%	3.50 - 4.00%

The Corporation fully funds its pension obligation and has recorded pension assets at a market value of $443 million (2000 – $425 million). The pension assets' value at cost is $359 million (2000 – $342 million). The assets are managed on behalf of the Corporation by the Manitoba Civil Service Superannuation Board. Pension assets are invested as follows:

	2001	2000
	millions of dollars	
Bonds and debentures	$ 163	$ 166
Equities	200	191
Mortgages	34	31
Short-term investments	15	15
Real estate	31	22
Fair value of plan assets	$ 443	$ 425
Accrued benefit obligation	386	358
Fund status – plan surplus	$ 57	$ 67
Net accrued valuation adjustments	$ 10	$ (16)
Net expense	$ 6	$ 16
Benefits paid	$ 17	$ 16

In addition, Centra Gas had defined benefit pension plans covering substantially all its current and former employees. Pension fund assets amounted to $49 million at March 31, 2001 (2000 – $51 million), while accrued pension fund obligations were $57 million at March 31, 2001 (2000 – $50 million). Effective January 1, 2001, the former salaried employees of Centra Gas ceased earning further current service benefits under the Centra Gas pension plan for salaried employees, and began earning benefits under the Civil Service Superannuation Plan. Benefit entitlement earned by these employees up to December 31, 2000 will be paid out of the curtailed salaried plan.

The unionized former Centra Gas employees continue to accrue benefits in the Centra Gas union pension plans.

Information about the Centra Gas defined benefit pension plans as at March 31, in aggregate are as follows:

	2001	2000
	millions of dollars	
Fair value of plan assets	$ 49	$ 51
Accrued benefit obligation	57	50
Fund status – plan (deficit) surplus	$ (8)	$ 1
Net accrued valuation adjustments	$ 6	$ (3)
Net expense	$ 1	$ 1
Benefits paid	$ 3	$ 3
Employer contributions	$ 2	$ 1

NOTE 11 DEFERRED DEBT COSTS

	2001	2000
	millions of dollars	
Debt discount and expense	$ 53	$ 63
Premium on purchase of sinking fund investments	14	32
Other	21	26
	$ 88	$ 121

NOTE 12 OTHER DEFERRED ASSETS

	2001	2000
	millions of dollars	
Demand side management programs	$ 39	$ 37
Planning studies	92	70
Goodwill	62	64
Taxes	51	53
Pension valuation	10	–
Vacation expense	8	10
Contract receivables	9	11
Site restoration costs	9	8
Centra Gas acquisition and integration costs	12	11
Other	22	21
	$ 314	$ 285

NOTE 13 LONG-TERM DEBT

The Corporation's long-term debt is either issued by the Corporation or advanced from the Province of Manitoba. In 2001, the Corporation arranged advances from the Province of Manitoba in the principal amount of $292 million (2000 – $898 million) for investment and refinancing purposes as follows:

$237 million ($202 million U.S.) due October 2, 2020 with a 6.84% fixed coupon rate.

$55 million ($47 million U.S.) due October 2, 2020 with a 6.806% fixed coupon rate.

	2001	2000
	millions of dollars	
Long-term debt:		
Advances from the Province of Manitoba represented by debenture debt of the Province	$ 6 009	$ 6 123
Manitoba HydroBonds	215	410
The Manitoba Hydro-Electric Board Bonds	76	76
Centra Gas Manitoba Inc. debentures	155	161
	$ 6 455	$ 6 770
Less: Current portion of long-term debt	435	159
	$ 6 020	$ 6 611

Long-term debt, excluding Manitoba Hydro-Electric Board bonds, is guaranteed by the Province of Manitoba. Centra Gas Manitoba Inc. debentures were valued at their fair market value at the time that Centra Gas was acquired by Manitoba Hydro.

Debt amounts are summarized by years to maturity in the following table:

	2001				2000
	millions of Canadian dollars				
Years	Canadian Maturities	U.S. Maturities	Total Principal Amount of Maturities	Weighted Average Yield Rate	Total Principal Amount of Maturities
2002	$ 259	$ 176	$ 435	6.56%	$ 142
2003	164	–	164	6.70%	183
2004	–	118	118	6.13%	3
2005	–	–	–	–	3
2006	–	–	–	–	3
	$ 423	$ 294	$ 717	6.39%	$ 334
2007-2011	367	411	778	6.01%	987
2012-2031	2 731	2 229	4 960	8.11%	5 290
	$ 3 521	$ 2 934	$ 6 455	7.97%	$ 6 611

Debt denominated in U.S. currency is not subject to foreign exchange fluctuations as book value rates have been fixed in accordance with the Corporation's Exposure Management Program.

If U.S. debt had been translated at the exchange rate prevailing at the balance sheet date ($1.00 U.S. = $1.5774 Canadian), the obligation would have increased by $1 008 million (2000 – increased by $731 million).

Three Centra Gas Manitoba Inc. debentures were called for early redemption on April 12, 2001 with redemption payments amounting to $147 million. The remaining debenture will be called for early redemption on July 16, 2001 with a redemption payment of $10 million.

NOTE 14 BANK BALANCES AND TEMPORARY INVESTMENTS

	2001	2000
	millions of Canadian dollars	
Bank balances	$ –	$ 6
Temporary investments	–	9
	$ –	$ 15

The Corporation has a bank credit facility which provides for overdrafts and notes payable up to an amount of $500 million denominated in Canadian and/or U.S. currency.

NOTE 15 NOTES PAYABLE

Notes payable are outstanding for terms ranging from 34 to 63 days and bear interest at the average effective rate of 5.034% at March 31, 2001.

NOTE 16 DEFERRED LIABILITIES AND CREDITS

	2001	2000
	millions of dollars	
Northern development projects (Note 20)	$ 164	$ 108
Other employee future benefits	56	48
Refundable advances from customers	18	18
Pension valuation	–	16
Decommissioning of thermal generating stations	15	14
Interest income and other credits	1	1
	$ 254	$ 205

NOTE 17 FOREIGN EXCHANGE CONTRACTS

The Corporation utilizes foreign exchange contracts to manage timing differences in its short-term U.S. cash flows. As at March 31, 2001, contracts in the net amount of $14 million U.S. had been purchased forward at a weighted average exchange rate of $1.5003 (2000 – $9 million U.S. sold forward at a weighted average exchange rate of $1.4083).

NOTE 18 FINANCIAL INSTRUMENTS

Fair Value:
The estimated fair values of the Corporation's long-term debt and sinking fund investments are based on year-end market interest and exchange rates for similar debt and investment instruments. As at March 31, 2001 the estimated fair value of the Corporation's total long-term debt amounted to $8 522 million (2000 – $8 112 million). The estimated fair value of sinking fund investments which the Corporation uses for the purpose of repaying long-term debt amounted to $1 413 million at March 31, 2001 (2000 – $1 480 million).

The carrying values of foreign exchange contracts approximate fair value due to the relative stability of foreign exchange rates and the short period to maturity.

The carrying values of all other financial assets and liabilities approximate fair value.

Credit Risk:
Credit risk on sinking fund investments, pension assets and short-term investments is minimized as the Corporation invests exclusively in government-guaranteed bonds or other highly rated investments. The majority of the Corporation's accounts receivable are owing from domestic consumers who are in diversified industries and from sales to other utilities.

Interest Rate Risk:
Interest rate risk is associated with notes payable net of temporary investments, the current portion of long-term debt net of the current portion of sinking fund investments, and floating rate long-term debt which totalled $1 134 million at March 31, 2001 (2000 – $1 132 million). For information purposes, an increase of 1% in the interest rate would reduce net income by $11 million for March 31, 2001 (2000 – $11 million).

Manitoba Hydro utilizes interest rate swaps to manage the Corporation's interest rate exposure. These swaps include blended forward interest rate swaps that have been transacted on $2 billion of debt at blended rates ranging from 6.5% to 7.4%. The lower interest rates produced by these swap transactions reduced finance expense by approximately $23 million in the 2001 fiscal year (2000 – $28 million) which reflects the impacts of the cash requirements associated with these obligations.

NOTE 19 COMMITMENTS

Outstanding commitments, principally for construction, are approximately $185 million (2000 – $184 million).

NOTE 20 NORTHERN DEVELOPMENT PROJECTS

The Corporation is party to an agreement dated December 16, 1977, with Canada, the Province of Manitoba and the Northern Flood Committee Inc., representing the five First Nations in the communities of Cross Lake, Nelson House, Norway House, Split Lake and York Landing. This agreement, in part, provides for compensation and remedial measures necessary to ameliorate the impacts of the Churchill River Diversion and Lake Winnipeg Regulation projects.

Expenditures incurred to mitigate the impacts of the Churchill River Diversion and Lake Winnipeg Regulation projects amounted to $22 million for the year ended March 31, 2001 (2000 – $23 million). To date $441 million (2000 – $419 million) has been spent in mitigating and compensating the project-related impacts.

The Corporation has also entered into agreements with the Province of Manitoba whereby the Corporation has assumed obligations of the Province with respect to northern development projects. The Corporation has assumed obligations, a portion of which remains outstanding, totalling $154 million (2000 – $101 million) for which water power rental charges were fixed until March 31, 2001. In recognition of the anticipated payments to be incurred, the Corporation has recorded a total liability of $164 million (2000 – $108 million). Reassessments of these liabilities will be made as settlements are achieved. There are other mitigation issues, the outcomes of which are not determinable at this time.

NOTE 21 SEGMENTED INFORMATION

The Corporation operates primarily in two business segments, electricity and gas. Each segment has their own particular economic characteristics and differs in nature, production processes and technology.

The electricity segment is the Corporation's core activity and encompasses the generation, transmission and distribution of electricity.

The gas segment represents natural gas supply and distribution activities, principally through the operations of Centra Gas.

The following table contains information related to the operating results and assets by segment:

	Electricity		Gas		Total	
	2001	2000	2001	2000*	2001	2000*
			millions of dollars			
Revenue	$ 1 273	$ 1 124	$ 504	$ 269	$ 1 777	$ 1 393
Expenses						
Operating & administrative	245	234	44	37	289	271
Depreciation & amortization	227	215	22	12	249	227
Water rentals & assessments	56	51	–	–	56	51
Fuel & power purchased	48	33	–	–	48	33
Capital & other taxes	43	41	18	17	61	58
Cost of gas sold	–	–	384	182	384	182
Finance expense	387	402	33	17	420	419
Total expenses	1 006	976	501	265	1 507	1 241
Net income	$ 267	$ 148	$ 3	$ 4	$ 270	$ 152
Total assets	$ 8 312	$ 8 231	$ 650	$ 461	$ 8 962	$ 8 692
Cash provided from (used for) operations	$ 458	$ 381	$ (124)	$ (7)	$ 334	$ 374
Cash provided from (used for) financing	$ 22	$ 442	$ 148	$ (2)	$ 170	$ 440
Cash used for investment	$ 497	$ 790	$ 24	$ 66	$ 521	$ 856

*The results for 2000 incorporate eight months of operations of Manitoba Hydro's subsidiary Centra Gas from the date of acquisition, July 30, 1999.

NOTE 22 COMPARATIVE FIGURES

Where appropriate, comparative figures for 2000 have been reclassified in order to conform to the presentation adopted in 2001.

Deloitte
& Touche

AUDITORS' REPORT

To the Board of Directors
Manitoba Lotteries Corporation

We have audited the balance sheet of Manitoba Lotteries Corporation as at March 31, 2001 and the statements of net income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
May 17, 2001

Deloitte
Touche
Tohmatsu

Manitoba Lotteries Corporation
Balance Sheet
March 31, 2001
(in thousands)

	Notes	2001	2000
ASSETS			
Current Assets			
Cash		$ 14,820	$ 13,438
Accounts receivable	3	8,807	7,161
Prepaid expense	4	1,846	2,264
Inventories	5	4,626	3,932
		30,099	26,795
Capital Assets	6	168,376	174,954
		$ 198,475	$ 201,749
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accruals	7	$ 19,023	$ 17,298
Due to the Government of Manitoba		3,455	5,117
Due to organizations		114	72
		22,592	22,487
Long Term Debt	8	165,567	173,977
Accumulated Pension Benefits	2(d)	316	285
Retained Earnings		5,000	-
Equity Advance from the Government of Manitoba	9	5,000	5,000
		$ 198,475	$ 201,749

Manitoba Lotteries Corporation
Statement of Net Income and Retained Earnings
for the year ended March 31, 2001
(in thousands)

	Schedules	2001	2000
Net Revenue			
Video lottery	1	$ 136,192	$ 137,363
Lottery	2	50,070	46,920
McPhillips Street Station	3	35,599	30,712
Club Regent	4	28,736	23,298
Bingo and breakopen products	5	3,252	3,493
Crystal Casino	6	-	3,269
Interest income		534	398
Other income		27	53
		254,410	245,506
General and administration expenses	7	(10,363)	(9,879)
Funding to:			
Addictions Foundation of Manitoba		(1,655)	(1,652)
Charitable Organizations		(3,937)	(3,932)
Net Income		238,455	230,043
Retained Earnings beginning of the year		-	-
Distributions to the Government of Manitoba		(235,117)	(225,000)
Decrease (increase) in due to the Government of Manitoba		1,662	(5,043)
Retained Earnings end of the year		$ 5,000	$ -

Manitoba Lotteries Corporation
Statement of Cash Flows
for the year ended March 31, 2001
(in thousands)

	2001	2000
Cash provided by operating activities		
Net Income	$ 238,455	$ 230,043
Non-cash charges to income:		
Depreciation and amortization	14,847	12,376
Deferred pension benefits	31	13
	253,333	242,432
Net changes in non-cash working capital items	(155)	(11,787)
Cash provided by operating activities	253,178	230,645
Cash provided by financing activities		
Cash distributions to the Government of Manitoba		
Current year	(235,000)	(224,926)
Prior year	(117)	(74)
Long term debt proceeds	165,000	174,000
Repayment of long term debt	(173,410)	(96,308)
Cash provided by financing activities	(243,527)	(147,308)
Cash investment activities		
Purchase of capital assets	(8,269)	(76,301)
Increase in cash balance during the year	1,382	7,036
Cash balance, beginning of year	13,438	6,402
Cash balance, end of year	$ 14,820	$ 13,438

Manitoba Lotteries Corporation
Schedule 1 - Net Video Lottery Revenue
for the year ended March 31, 2001
(in thousands)

	2001	2000
Revenue		
Video lottery	$ 206,660	$ 205,465
Expenses		
Commission	56,624	54,369
Salaries and benefits	3,555	3,076
Goods and services tax	3,004	3,167
Rentals, repairs and maintenance	2,086	1,863
Interest	1,873	1,400
Depreciation and amortization	900	1,646
Postage and telephone	651	641
Maintenance transportation	564	585
Gaming control registration fee	544	493
Supplies and printing	307	272
Sundry	95	64
Consultant fees	70	106
Health and education tax	66	59
Pension	56	40
Cartage	41	43
Merchandising prizes	32	57
Community support	-	221
	70,468	68,102
Net Revenue	$ 136,192	$ 137,363

Manitoba Lotteries Corporation
Schedule 2 - Net Lottery Revenue
for the year ended March 31, 2001
(in thousands)

	2001	2000
Revenue		
Lottery sales	$ 157,485	$ 151,187
Less: Cost of sales	100,554	97,115
	56,931	54,072
Interest and other	975	815
	57,906	54,887
Expenses		
Salaries and benefits	1,334	1,235
Merchandising prizes	449	487
Rentals, repairs and maintenance	282	285
Interest	211	156
Freight and delivery	141	144
Retailer training and support	126	123
Signs and fixtures	93	96
Goods and services tax	73	71
Postage and telephone	57	66
Depreciation and amortization	56	55
Pension	34	31
Health and education tax	26	23
Sundry	17	19
Supplies and printing	17	9
Consultant fees	5	9
Gaming control registration fee	-	4
	2,921	2,813
	54,985	52,074
Allocation to the Provinces of Alberta and Saskatchewan	2,725	3,055
Payment to the Government of Canada (note 10)	2,190	2,099
Net Revenue	$ 50,070	$ 46,920

Manitoba Lotteries Corporation
Schedule 3 - Net Revenue - McPhillips Street Station
for the year ended March 31, 2001
(in thousands)

	2001	2000
Revenue		
McPhillips Street Station	$ 86,990	$ 74,711
Expenses		
Salaries and benefits	25,352	20,199
Rentals, repairs and maintenance	8,101	8,240
Depreciation and amortization	6,191	4,634
Interest	4,118	2,958
Tourism marketing and entertainment	1,713	1,644
Merchandising prizes	1,565	1,645
Supplies and printing	1,285	1,970
Sundry	730	264
Goods and services tax	613	756
Health and education tax	493	402
Pension	366	217
Gaming control registration fee	352	333
Postage and telephone	338	516
Consultant fees	101	149
Security	73	72
	51,391	43,999
Net Revenue	$ 35,599	$ 30,712

Manitoba Lotteries Corporation
Schedule 4 - Net Revenue - Club Regent
for the year ended March 31, 2001
(in thousands)

	2001	2000
Revenue		
Club Regent	$ 81,173	$ 65,498
Expenses		
Salaries and benefits	24,593	19,087
Rentals, repairs and maintenance	9,204	8,352
Depreciation and amortization	6,488	4,617
Interest	4,506	3,234
Tourism marketing and entertainment	1,832	1,562
Merchandising prizes	1,553	1,608
Supplies and printing	1,114	1,358
Sundry	732	217
Goods and services tax	667	719
Health and education tax	468	377
Postage and telephone	443	381
Gaming control registration fee	355	306
Pension	334	190
Consultant fees	95	140
Security	53	52
	52,437	42,200
Net Revenue	$ 28,736	$ 23,298

Manitoba Lotteries Corporation
Schedule 5 - Net Bingo and Breakopen Product Revenue
for the year ended March 31, 2001
(in thousands)

	2001	2000
Revenue		
Bingo paper sales	$ 2,002	$ 2,005
Less: Cost of sales	1,564	1,618
	438	387
Breakopen ticket sales	4,793	5,042
Less: Cost of sales	1,127	1,144
	3,666	3,898
Total Revenue	$ 4,104	$ 4,285
Expenses		
Rentals, repairs and maintenance	324	272
Goods and services tax	243	246
Salaries and benefits	117	116
Cartage	102	89
Licensee and retailer promotions	22	43
Interest	18	13
Sundry	16	7
Depreciation and amortization	10	6
	852	792
Net Revenue	$ 3,252	$ 3,493

Manitoba Lotteries Corporation
Schedule 6 - Net Crystal Casino Revenue
for the year ended March 31, 2001
(in thousands)

	2001 (note 11)	2000 (note 11)
Revenue		
Crystal Casino	$ -	$ 7,015
Expenses		
Salaries and benefits	-	2,272
Rentals, repairs and maintenance	-	614
Merchandising prizes	-	167
Depreciation and amortization	-	161
Security	-	122
Supplies and printing	-	95
Goods and services tax	-	76
Interest	-	69
Health and education tax	-	42
Postage and telephone	-	37
Pension	-	27
Gaming control registration fee	-	24
Sundry and exit costs	-	21
Tourism marketing	-	14
Consultant fees	-	5
	-	3,746
Net Revenue	$ -	$ 3,269

Manitoba Lotteries Corporation
Schedule 7 - General and Administration Expenses
for the year ended March 31, 2001
(in thousands)

	2001	2000
Expenses		
Salaries and benefits	$ 4,435	$ 4,662
Rentals, repairs and maintenance	1,521	1,424
Depreciation and amortization	1,202	1,256
Professional fees	929	933
Community support	792	322
Sundry	471	298
Postage and telephone	289	248
Supplies and printing	251	333
Interest	141	106
Pension	99	73
Board of Directors	96	53
Health and education tax	76	85
Cartage	50	75
Gaming control registration fee	11	11
Total Expenses	$ 10,363	$ 9,879

1. Background

The Manitoba Lotteries Foundation was established by the Manitoba Lotteries Foundation Act. On July 27, 1993, the Act was amended and continued under the Manitoba Lotteries Corporation Act. By consent of the Legislative Assembly of Manitoba, the organization continues its operations as a Crown Corporation under the name of the Manitoba Lotteries Corporation.

2. Significant Accounting Policies

(a) Revenue and expenses recognition

Revenue and expenses are recorded on an accrual basis except for lottery revenue, which is recorded as of the draw date for each ticket. Video lottery and other gaming revenue is recorded net of prizes paid.

(b) Capital assets and depreciation

Capital assets are recorded at cost.

Furniture and equipment are depreciated on a straight-line basis over 5 years.

Buildings and parking lots are depreciated on a straight-line basis over 30 years.

Leasehold improvements are amortized over the term of the lease.

Capital costs are normally subject to a full year's depreciation in the fiscal year of acquisition. Due to the significance of the casino expansion capital costs and to better match revenues to expenses, depreciation in 1999/2000 on these capital assets was recorded for the eight months from the opening of the expanded casinos. Depreciation on casino expansion capital costs have increased by $2 million in 2000/2001 when 12 months depreciation was applied.

(c) Goods and Services Tax

In lieu of Goods and Services Tax (GST) on lottery and gaming revenue, the Corporation pays an additional 7% GST on gaming expenditures, including retailer commissions. This additional 7% is reported as GST expense.

The additional 7% GST paid on capital expenditures is included in the cost of the asset.

An input tax credit is claimed for GST paid on non-gaming expenditures.

(d) Pension costs

The Corporation makes contributions for employees and officers to a Money Purchase pension plan at prescribed rates. The pension expense related to this plan for the 2001 fiscal year is $761,000 (2000 - $428,000).

2. (d) Pension costs (cont'd)

Certain other employees and officers of the Corporation are pensionable under the Civil Service Superannuation Fund (the Fund). The Corporation funded in total the actuarial present value of all prior accrued basic pension and indexing obligations as at December 31, 1997. The amount funded was $4.4 million. A reserve of $316,000 (2000 - $285,000) has been established as a pension liability for employees whose annual earnings exceed the limit under the Fund plan.

Effective January 1, 1998, the Corporation began matching employee contributions to the Fund at prescribed rates. Current service contributions are recorded as an operating expense. The pension expense related to this plan for the 2001 fiscal year is $132,000 (2000 - $154,000).

(e) Financial Instruments

Financial Risk

Financial risk is the risk to the Corporation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest, though risks associated with interest rate fluctuations are mitigated through the use of long-term debt.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation mitigates this risk through its credit management and collection practices.

3. Accounts Receivable (in thousands)

	2001	2000
Western Canada Lottery Corporation	$ 3,616	$ 2,613
Trade	4,265	3,685
Restaurant Working Capital Advance	400	400
Miscellaneous	162	205
Employee Computer Program	259	152
Lottery Retailers	105	106
	$ 8,807	$ 7,161

The Corporation is the sole distributor of lottery products in Manitoba and is a partner in the Western Canada Lottery Corporation.

4. Prepaid Expense (in thousands)

	2001	2000
Manitoba Gaming Control Commission fees	$ 831	$ 842
Warranties and Maintenance contracts	296	633
Deposit on Entertainment contracts	250	280
Insurance	142	148
Miscellaneous	139	145
Trade Deposits	102	109
Rent	86	107
	$ 1,846	$ 2,264

5. Inventories (in thousands)

Inventories are valued at the lower of cost or net realizable value.

	2001	2000
Spare parts	$ 3,627	$ 2,820
Breakopen tickets	544	348
Bingo paper	309	651
Store merchandise	146	113
	$ 4,626	$ 3,932

6. Capital Assets (in thousands)

2001

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	$ 4,922	$ -	$ 4,922
Furniture & Equipment	112,252	92,877	19,375
Buildings & Parking lots	161,239	18,477	142,762
Leasehold Improvements	5,543	4,794	749
Capital leases	644	76	568
	$ 284,600	$ 116,224	$ 168,376

6. Capital Assets (cont'd)

2000

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	$ 4,922	$ -	$ 4,922
Furniture & Equipment	110,109	84,996	25,113
Buildings & Parking lots	156,534	13,230	143,304
Leasehold Improvements	5,543	4,531	1,012
Capital leases	644	41	603
	$ 277,752	$ 102,798	$ 174,954

7. Accounts Payable and Accruals (in thousands)

	2001	2000
Trade	$ 12,808	$ 13,586
Vacation payable	2,658	2,018
Jackpot provision	2,218	1,544
Interest payable	1,167	-
Government of Manitoba	137	114
Capital lease	35	35
Western Canada Lottery Corporation	-	1
	$ 19,023	$ 17,298

8. Long Term Debt (in thousands)

	2001	2000
Province of Manitoba, due August 30, 2010. Rate of 6.95%.	$ 135,000	$ -
Province of Manitoba, due January 17, 2003. Rate based on Bankers Acceptance plus ¼ of 1%.	30,000	-
Royal Bank of Canada, due February 28, 2001.	-	173,409
Capital lease obligations	602	603
	165,602	174,012
Less current portion of capital lease obligations	35	35
	$ 165,567	$ 173,977

9. Equity Advance

The Equity advance reflects $5 million for working capital provided to the Corporation by the Government of Manitoba.

10. Payment to Government of Canada

Effective January 1, 1980 the Government of Canada terminated its involvement in lotteries. In return, the ten provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government. The Province of Manitoba's share for the 2001 fiscal year is $2,190,048 (2000 - $2,099,073).

11. Crystal Casino

The Corporation closed the Crystal Casino on July 18, 1999 and consolidated its operations with Club Regent and McPhillips Street Station.

12. Voluntary Termination Incentive Progam

The Corporation undertook an organizational restructuring during the year. During this transition, a voluntary termination incentive package was accepted by certain eligible employees at a cost of $713,654.

13. (a) Lease Obligations

The future minimum rental payments relating to operating leases are as follows:

	(in thousands)
2002	**$ 651**
2003	**566**
2004	**563**
2005	**529**
2006	**496**
Subsequent years	**2,084**
	$ 4,889

(b) Capital Commitments

The Corporation has commitments on outstanding capital projects at March 31, 2001 of $1.4 million (2000 - $6.1 million).

14. Contingencies

Various legal actions have been commenced against the Corporation and the Corporation or its insurers are defending against all claims. While the outcome of these claims cannot be determined, management is of the opinion that the appropriate provisions have been made in the accounts, and the ultimate outcome will not have a material adverse effect on the Corporation's financial position.

15. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

ARTHUR ANDERSEN

AUDITORS' REPORT

To the Board of Directors of
Manitoba Product Stewardship Corporation,

We have audited the balance sheets of **MANITOBA PRODUCT STEWARDSHIP CORPORATION** as at March 31, 2001 and 2000 and the statements of operations and fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

Winnipeg, Manitoba
May 28, 2001

Manitoba Product Stewardship Corporation

BALANCE SHEETS
March 31

	2001	2000
	$	$
ASSETS		
CURRENT ASSETS		
Cash and term deposits (Note 2)	7,611,504	7,215,510
Interest receivable	48,443	47,247
Levies receivable	597,050	602,310
PST rebate receivable (Note 3)	-	80,000
Prepaid expenses and deposits	9,302	8,635
	8,266,299	7,953,702
FURNITURE AND EQUIPMENT (Note 4)	44,034	69,876
	8,310,333	8,023,578
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	261,627	192,880
Recycling support payments payable	1,245,771	637,941
Provision for credits on levy revenue	42,914	42,914
	1,550,312	873,735
FUND BALANCE		
Multi-Material WRAP Fund	6,760,021	7,149,843
	8,310,333	8,023,578

Approved on behalf of the Board:

Gerald L. Dorge Director

Director

The accompanying notes are an integral part of these financial statements.

Manitoba Product Stewardship Corporation

STATEMENTS OF OPERATIONS AND FUND BALANCE

For the years ended March 31	2001	2000
	$	$
REVENUE		
Beverage levy revenue	6,843,592	6,583,962
Levy rebates	(168,416)	(146,210)
Other levy revenue	-	43,500
PST rebate - Province of Manitoba (Note 3)	(996)	369,376
Interest (Note 2)	415,577	341,727
TOTAL REVENUE	7,089,757	7,192,355
PROGRAM EXPENSES		
MUNICIPAL PROGRAMS		
Recycling Support Payments to municipalities	5,188,520	4,683,581
Municipal support	369,832	202,437
	5,558,352	4,886,018
STEWARD PROGRAMS		
Compliance of WRAP Act	44,673	44,352
SCHOOL EDUCATION		
STAR – school payments	337,000	304,000
STAR Plus program	123,931	137,364
School education	167,317	126,387
	628,248	567,751
PROGRAM PROMOTION		
Program Promotion/Sponsorship	69,500	83,855
Program advertising	304,741	429,090
Anti-litter campaign	140,954	117,503
Public space recycling	6,338	11,611
ICI Study	10,700	-
MPSC – corporate website	11,354	4,751
	543,587	646,810
PAN AM GAMES	-	69,814
TOTAL PROGRAM EXPENSES	6,774,860	6,214,745

The accompanying notes are an integral part of these financial statements.

Manitoba Product Stewardship Corporation

STATEMENTS OF OPERATIONS AND FUND BALANCE (continued)
For the years ended March 31

	2001	2000
	$	$
ADMINISTRATIVE EXPENSES		
Board members' expenses	6,403	4,936
Board planning seminar	-	15,975
Communication	22,061	23,054
Conference expenses	8,759	12,304
Contract financial management	26,750	35,952
Depreciation	55,169	53,458
Equipment, leasing, repairs and maintenance	30,399	27,988
Insurance	6,482	4,905
Office	90,650	65,805
Professional fees	17,115	15,210
Promotion	3,041	3,647
Rent	42,359	40,042
Salaries, wages and benefits	377,687	340,111
Subscriptions	8,477	10,899
Travel and automotive	9,367	10,994
TOTAL ADMINISTRATIVE EXPENSES	704,719	665,280
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	(389,822)	312,330
FUND BALANCE, beginning of year	7,149,843	6,837,513
FUND BALANCE, end of year	6,760,021	7,149,843

The accompanying notes are an integral part of these financial statements.

Manitoba Product Stewardship Corporation

STATEMENTS OF CASH FLOWS
For the years ended March 31

	2001	2000
	$	$
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	(389,822)	312,330
Item not affecting cash		
Depreciation	55,169	53,458
	(334,653)	365,788
Net change in non-cash operating assets and liabilities		
Interest receivable	(1,196)	(13,988)
Levies receivable	5,260	(31,179)
PST rebate receivable	80,000	97,946
Prepaid expenses and deposits	(667)	(851)
Accounts payable and accrued liabilities	68,747	(118,718)
Recycling support payments payable	607,830	11,629
Provision for credits on levy revenue	-	(155,586)
	425,321	155,041
INVESTING ACTIVITY		
Purchase of furniture and equipment	(29,327)	(77,587)
INCREASE IN CASH AND TERM DEPOSITS	395,994	77,454
CASH AND TERM DEPOSITS, beginning of year	7,215,510	7,138,056
CASH AND TERM DEPOSITS, end of year	7,611,504	7,215,510

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Manitoba Product Stewardship Corporation ("MPSC") was established under the Waste Reduction and Prevention Act ("WRAP") - Multi-Material Stewardship (Interim Measures) Regulations (the "Regulations") with the following objectives:

a) to establish and administer a waste reduction and prevention program for designated materials for Manitoba;
b) to provide for the effective, efficient and economical management of waste designated materials; and
c) to administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by collection of levies on beverage containers supplied by a steward of beverage containers (Product Steward) to be consumed in Manitoba. MPSC plans to collect levies on other designated materials in the future.

Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit (excluding dairy) beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies were inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self-assessments as reported by Product Stewards. MPSC records beverage levy revenue net of a provision for estimated credits.

Recycling Support Payments to Municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC. MPSC records a provision for estimated recycling support payments payable to registered municipalities who have not yet filed their recycling reports.

The above-noted provisions have been determined based on the results of MPSC's periodic compliance reviews of Product Stewards as well as management's experience and industry knowledge.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and equipment

Furniture and equipment are recorded at cost less accumulated depreciation. Depreciation is provided for by the following annual rates and methods:

Computer hardware	30%	Declining balance
Computer software	100%	Straight-line
Furniture and fixtures	20%	Declining balance

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND TERM DEPOSITS

Included in cash and term deposits are term deposits recorded at cost, held in trust by the Department of Finance of the Province of Manitoba. The term deposits bear interest at 5.15 to 5.30% (2000 – 5.05 to 5.35%) per annum and mature on April 23, 2001 to May 14, 2001.

3. PST REBATE RECEIVABLE

The Province of Manitoba, through the Department of Environment, provided a grant to MPSC based on the provincial sales tax (PST) collected by the Province with respect to the WRAP levy on beverage containers. The PST rebate receivable is accrued based on claims filed and an estimated claim for the quarter ended March 31 of the respective year. Effective April 1, 2000, the Province of Manitoba terminated the PST rebate.

4. FURNITURE AND EQUIPMENT

			2001	2000
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Computer hardware	75,570	54,638	20,932	29,439
Computer software	136,963	123,696	13,267	30,798
Furniture and fixtures	21,307	11,472	9,835	9,639
	233,840	189,806	44,034	69,876

5. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases which expire in fiscal 2002 through 2004. Future minimum lease payments required are as follows:

	2001
	$
	68,376
2002	**21,494**
2003	**750**
2004	

6. CONTINGENCY

In 1998, MPSC was named as one of the defendants in a claim filed by Red Box Recycling Inc. relating to alleged losses suffered as a result of the transition from a commercial to a municipal-funded recycling program. An estimate of the amount of the claim is not determinable. Management believes this claim is without merit.

AUDITORS' REPORT

To the Board of Directors of Manitoba Public Insurance Corporation:

We have audited the balance sheets of Manitoba Public Insurance Corporation as at February 28, 2001 and February 29, 2000 and the statements of operations, retained earnings, basic insurance rate stabilization reserve and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at February 28, 2001 and February 29, 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP
Winnipeg, Manitoba
April 24, 2001

ACTUARY'S REPORT

To the Board of Directors of Manitoba Public Insurance Corporation:

I have valued the policy liabilities of Manitoba Public Insurance Corporation for its balance sheet at February 28, 2001 and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly present the results of the valuation.

Jim Christie
James K. Christie
Fellow, Canadian Institute of Actuaries
April 24, 2001

BALANCE SHEET

	Note	FEBRUARY 28/29 2001	 2000
		(in thousands of dollars)	
ASSETS			
Cash and investments	4	$ 1,154,994	$ 1,056,602
Due from other insurance companies		166	73
Accounts receivable		137,906	127,597
Deferred policy acquisition costs		17,845	18,345
Reinsurers' share of unearned premiums		11,786	8,744
Reinsurers' share of unpaid claims	9	42,126	36,121
Capital assets	5	25,064	20,550
Deferred development costs		12,569	15,985
		1,402,456	1,284,017
LIABILITIES, BASIC INSURANCE RATE STABILIZATION RESERVE AND RETAINED EARNINGS			
Due to other insurance companies		15,728	9,047
Accounts payable and accrued liabilities		19,163	19,764
Unearned premiums		270,029	266,604
Provision for employee current benefits		8,084	7,338
Provision for employee future benefits	6	80,731	75,224
Provision for unpaid claims	9	778,344	722,143
		1,172,079	1,100,120
Basic insurance rate stabilization reserve	15	142,993	104,893
Retained earnings		87,384	79,004
		230,377	183,897
		$ 1,402,456	$ 1,284,017

Approved by the Board:

Shari Decter Hirst
Chairperson

Paul Moist
Director

STATEMENT OF OPERATIONS

	Note	YEARS ENDED FEBRUARY 28/29 2001	 2000
		(in thousands of dollars)	
REVENUE			
Premiums written		$ 539,054	$ 529,694
Premiums earned	7	$ 538,173	$ 520,023
Service fees		15,175	15,462
Total earned revenues		553,348	535,485
CLAIMS COSTS			
Claims incurred	7		
Current year		463,579	412,790
Prior years	9	(32,149)	(13,489)
		431,430	399,301
Claims expense		58,741	60,081
		490,171	459,382
EXPENSES			
Commissions		29,796	29,406
Operating		45,547	45,589
Premium taxes		16,493	15,923
Regulatory/Appeal		1,880	1,699
Road Safety		6,131	6,952
		99,847	99,569
Total claims and expenses		590,018	558,951
Underwriting loss		(36,670)	(23,466)
Investment income, net	10	83,298	74,377
Net income before the undernoted		46,628	50,911
Discontinued operations	11	(148)	517
NET INCOME FOR THE YEAR	12	$ 46,480	$ 51,428

STATEMENT OF CASH FLOWS

	Note	YEARS ENDED FEBRUARY 28/29 2001	 2000
		(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS			
Net income for the Year		$ 46,480	$ 51,428
Discontinued operations		148	(517)
Non-cash items:			
Amortization of capital assets and deferred development costs		7,840	9,813
Amortization of bond discount and premium		3,102	6,264
Gain on sale of investments		(2,188)	(68)
Write-down of investment		2,207	—
		57,589	66,920
Decrease in cash and short-term investments from discontinued operations		(4,934)	(1,691)
Net change in non-cash balances		57,719	54,936
		110,374	120,165
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES			
Acquisition of capital assets net of proceeds from disposals		(7,907)	(2,784)
Purchase of investments		(473,062)	(418,287)
Proceeds from sale of investments		383,373	315,075
Deferred development costs incurred		(1,031)	(6,296)
		(98,627)	(112,292)
Repayment to the Province of Manitoba	14	—	(7,867)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS		11,747	6
Cash and short-term investments beginning of year		66,208	66,202
CASH AND SHORT-TERM INVESTMENTS END OF YEAR	4	$ 77,955	$ 66,208

STATEMENT OF BASIC INSURANCE RATE STABILIZATION RESERVE

	Note	YEARS ENDED FEBRUARY 28/29 2001	 2000
		(in thousands of dollars)	
Balance beginning of year		$ 104,893	$ 64,379
Net income for the year	12	38,100	40,514
Basic insurance rate stabilization reserve balance end of year		$ 142,993	$ 104,893

STATEMENT OF RETAINED EARNINGS

	Note	YEARS ENDED FEBRUARY 28/29 2001	 2000
		(in thousands of dollars)	
Balance beginning of year		$ 79,004	$ 75,957
Net income for the year	12	8,380	10,914
Repayment to the Province of Manitoba	14	—	(7,867)
Retained earnings balance end of year		$ 87,384	$ 79,004

1| STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation (the "Corporation") was incorporated as a Crown corporation under The Automobile Insurance Act in 1970. In 1974, The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2| BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with Canadian generally accepted accounting principles.

The actuary is appointed by the Board of Directors of the Corporation. With respect to preparation of these financial statements, the actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Corporation's Board of Directors.

The actuary, in his verification of the information prepared by the Corporation used in the valuation, also uses the work of the external auditors.

The external auditors are appointed by the Lieutenant-Governor in Council to conduct an independent and objective audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Corporation's policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

3| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Investments

Investments in bonds are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the bond. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Investments in equities and other investments are carried at cost. Dividends on equity investments are recognized on an accrual basis.

Gains and losses on investments are recognized on the date of sale. Investments are written down when there is a decline in value that is considered other than temporary.

The Corporation has invested in an equity-linked note that is similar to a bond instrument, except for the interest component which is indexed to the Standard & Poor's 500 Composite Stock Price Index. Any gains or losses arising from changes in the index are recorded currently in the Statement of Operations under the heading "Investment income, net".

Total Return Swaps

The Corporation invests in total return swaps as part of its investment strategy to provide limited exposure to certain equity markets. Total return swaps are financial instruments whose value is derived from an underlying financial instrument, product or index. Total return swaps are recorded at fair value at the balance sheet date and presented under the heading "Cash and investments". Any gains or losses arising from changes in fair value are recorded currently in the Statement of Operations under the heading "Investment income, net".

Deferred Policy Acquisition Costs

Commissions and premium taxes are deferred and charged to expense over the term of the insurance contract to which such costs relate.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight line basis which will amortize the cost of each asset over its estimated useful life:

Land improvements	25 years
Buildings	40 years
Equipment:	
• Data processing	3 years
• Automotive	5 years
• Other	10 years

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Deferred Development Costs

The costs of developing major information systems which are expected to be of continuing benefit to the Corporation are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis over five years.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Employee Current Benefits

The provision for employee current benefits includes an accrual for vacation pay determined in accordance with the Collective Agreement.

Provision for Employee Future Benefits

Included in the Provision for Employee Future Benefits are the pension benefit plan and other benefit plans.

Pension Benefit Plan

The employees of the Corporation are members of a defined benefit pension plan administered under the Civil Service Superannuation Act. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

Other Benefit Plans

Other benefit plans consist of post-retirement extended health and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporation policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire. The resulting provision is amortized over the expected average remaining service life of the employee group.

Provision for Unpaid Claims

The provision for unpaid claims represents an estimate for the full amount of all costs, including adjustment expenses, and the projected final settlements of claims incurred to the balance sheet date. These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded as incurred claims in the current period. The provision does not consider the time value of money and does not contain an explicit provision for adverse deviation except for long-term disability, income replacement and personal care claims.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claim costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

Premium Deficiencies

A premium deficiency exists when future claims and related expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Premium deficiencies are recognized first by writing down the deferred policy acquisition costs with any remainder recognized as a liability.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business and the discontinued general insurance division on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is not possible, expenses are prorated to each division based mainly on factors such as space, number of employees and time usage. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

Premiums, claims and expenses reported in the Statement of Operations are reported net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned commissions is recognized as a liability in a manner which is consistent with the method used by the Corporation in determining deferred premium acquisition costs.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used by the Corporation in determining the unearned premium liability.

Foreign Currency Translation

Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Basic Insurance Rate Stabilization Reserve

The basic insurance rate stabilization reserve relates to basic compulsory automobile insurance and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

Retained Earnings

Retained earnings comprise the accumulation of net income or losses for the extension, special risk and discontinued lines of business.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4| CASH AND INVESTMENTS

	2001		2000	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	(in thousands of dollars)			
Cash and short-term investments	$ 77,955	$ 77,955	$ 66,208	$ 66,208
Bonds				
Federal	144,181	146,587	110,750	110,693
Manitoba:				
Provincial	87,991	90,762	37,546	38,035
Municipal	81,626	87,485	95,285	100,692
Hospitals	17,523	17,541	19,040	19,052
Schools	239,875	239,875	223,647	223,647
Other Provinces	271,509	281,654	351,153	353,125
Corporations	125,499	128,238	67,764	65,683
Equity linked note	20,000	20,000	20,000	20,000
	988,204	1,012,142	925,185	930,927
Other	5,237	5,237	4,401	4,401
Equity investments and total return swaps	83,598	92,481	60,808	76,014
	88,835	97,718	65,209	80,415
	$ 1,154,994	$ 1,187,815	$ 1,056,602	$ 1,077,550

Fair value, for cash and short-term investments approximate carrying value due to the short-term maturity of these financial instruments.

The fair value of bonds for federal, provincial, certain municipal, other provinces and corporations is estimated based on bid prices of these or similar investments.

The fair value of certain municipal, hospitals, school bonds and other is based on their carrying value which approximates market value.

The fair value of the equity-linked note and equity investments is based upon quoted market values. External fund managers have been allocated a proportion of the Corporation's investment pool to invest in equity markets with an objective of generating a long term return of 1.5% over the benchmark indices.

The fair value of the portfolio of total return swaps is based upon market prices of the underlying stock market indices at the balance sheet date, net of estimated unwinding costs.

Investment Risk

Investments carry certain financial risks including interest rate, cash flow and credit risk. The Corporation manages these risks through the Investment Committee of the Board, which meets quarterly to discuss strategy. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs. Credit risk is also managed through the use of master netting agreements in all total return swap contracts. Such agreements provide for the simultaneous close-out and netting of transactions with a counterparty in the event of default.

Significant terms and conditions, exposure to interest rate and credit risks on investments are:

i) Cash and short-term investments

Cash consists of cash net of cheques issued in excess of amounts on deposit. Included in cash and short-term investments are funds held in trust on behalf of other insurance companies in the amount of $2,105,000 (2000 - $2,646,000).

Short-term investments have a total principal amount of $77,944,000 (2000 - $64,430,000) comprising provincial short-term deposits with effective interest rates of 5.05% to 5.75% (2000 – 4.90% to 5.05%), with interest receivable at varying dates.

ii) Bonds - interest rate risk

		2001		2000	
	INTEREST RECEIVABLE BASIS	EFFECTIVE RATE	COUPON RATE	EFFECTIVE RATE	COUPON RATE
		% RANGE		% RANGE	
Federal	semi-annual	4.51 to 5.72	4.25 to 10.00	5.85 to 6.29	6.50 to 10.00
Provincial	semi-annual	4.84 to 6.26	4.75 to 10.75	5.66 to 9.26	4.75 to 11.25
Municipal	semi-annual	5.01 to 17.32	6.00 to 18.50	5.59 to 17.43	6.00 to 18.50
Hospitals	semi-annual	10.13 to 16.00	10.13 to 16.00	9.92 to 15.78	10.13 to 16.00
Schools	semi-annual	5.66 to 14.10	5.75 to 14.75	5.66 to 14.12	5.75 to 14.75
Corporations	semi-annual	4.81 to 9.83	5.00 to 11.25	5.66 to 6.85	5.25 to 9.65

The Corporation has allocated investments with an average yield of 10.4% (2000 - 10.6%) to maturity to fully fund pre-March 1, 1994 discounted unpaid claims of approximately $30.5 million.

iii) Bonds - maturity profile

2001	WITHIN ONE YEAR	AFTER ONE YEAR TO FIVE YEARS	AFTER FIVE YEARS	TOTAL CARRYING VALUE
		(in thousands of dollars)		
Federal	$ 5,170	$ 55,202	$ 83,809	$ 144,181
Manitoba:				
Provincial	—	20,917	67,074	87,991
Municipal	14,302	19,434	47,890	81,626
Hospitals	457	1,700	15,366	17,523
Schools	—	10,016	229,859	239,875
Other Provinces	8,352	122,708	140,449	271,509
Corporations	—	38,917	86,582	125,499
	28,281	268,894	671,029	968,204
Equity-Linked Note Provincial	—	—	20,000	20,000
	$ 28,281	$ 268,894	$ 691,029	$ 988,204

2000	WITHIN ONE YEAR	AFTER ONE YEAR TO FIVE YEARS	AFTER FIVE YEARS	TOTAL CARRYING VALUE
		(in thousands of dollars)		
Federal	$ 9,488	$ 85,080	$ 16,182	$ 110,750
Manitoba:				
Provincial	11,566	6,515	19,465	37,546
Municipal	15,118	35,065	45,102	95,285
Hospitals	179	3,298	15,563	19,040
Schools	—	8,706	214,941	223,647
Other Provinces	23,196	92,288	235,669	351,153
Corporations	8,986	18,630	40,148	67,764
	68,533	249,582	587,070	905,185
Equity-Linked Note Provincial	—	—	20,000	20,000
	$ 68,533	$ 249,582	$ 607,070	$ 925,185

Total Return Swaps

In the normal course of operations, the Corporation enters into total return swaps to provide a return based upon an underlying Canadian and/or USA equity index. The agreements provide that, at predetermined future dates, the Corporation pays a fixed interest amount based upon a notional principal amount and receives a return based upon the underlying equity index.

The notional amounts of total return swaps are not recorded as assets or liabilities on the balance sheet as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged under the contracts. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments.

At February 28, 2001 the notional amount of total return swaps was $49,421,000 (2000 - $27,950,000). All total return swaps have a residual term to contractual maturity of one year or less.

As at February 28, 2001, the Corporation had a commitment to purchase a total return swap with a notional amount of $24,500,000, to replace a total return swap with a notional amount of $14,421,000 that matures March 1, 2001.

5| CAPITAL ASSETS

	2001			2000
	COST	ACCUMULATED AMORTIZATION	CARRYING VALUE	CARRYING VALUE
		(in thousands of dollars)		
Land	$ 1,919	$ —	$ 1,919	$ 1,687
Land improvements	3,148	1,131	2,017	1,753
Buildings	20,706	6,989	13,717	10,290
Equipment	35,948	28,537	7,411	6,712
	61,721	36,657	25,064	20,442
Leasehold improvements	1,527	1,527	—	108
	$ 63,248	$ 38,184	$ 25,064	$ 20,550

6| PROVISION FOR EMPLOYEE FUTURE BENEFITS

The Corporation has a number of defined benefit plans providing pension and other benefits to eligible employees. The results from the latest valuation as at December 31, 2000 projected to February 28, 2001 and the major assumptions used are:

	PENSION BENEFIT PLAN		OTHER BENEFIT PLANS	
	2001	2000	2001	2000
Economic assumptions:				
Discount rate	6.50%	6.75%	6.50%	6.75%
Inflation rate	2.00%	2.00%	—	—
Expected salary increase	3.00%	2.50%	—	—
Expected health care cost increase	—	—	2.50%	2.25%
		(in thousands of dollars)		
Plan valuations:				
Present value of plan benefits	$ 67,225	$ 55,599	$ 10,775	$ 8,733
Unamortized actuarial gains (losses)	2,731	10,892	—	—
Provision for employee future benefits	$ 69,956	$ 66,491	$ 10,775	$ 8,733
Financial information:				
Plan expense	$ 5,123	$ 4,604	$ 2,550	$ 3,227
Allocated to investment income (Note 10)	(2,972)	(2,635)	—	—
	$ 2,151	$ 1,969	$ 2,550	$ 3,227
Employee contributions	$ 2,846	$ 2,514	—	—
Benefits/premiums paid	$ 1,658	$ 1,542	$ 508	$ 668

The Corporation has not segregated investment assets to fund the benefit plans. Funding occurs as benefits are paid to employees.

7| REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at February 28, 2001, these reinsurance agreements limit the Corporation's exposure to a maximum amount of $1.0 million (2000 - $1.0 million) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $5.0 million (2000 - $5.0 million). These arrangements protect the Corporation against losses up to $200.0 million (2000 - $200.0 million).

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency.

The figures shown in the statement of operations, excluding discontinued operations, are net of the following amounts relating to reinsurance ceded to other companies:

	2001	2000
	(in thousands of dollars)	
Premiums earned	$ 11,581	$ 10,748
Claims incurred	$ 7,403	$ 4,390

The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of $4.0 million (2000 - $4.1 million).

8| OPERATING LEASE COMMITMENTS

The Corporation is committed to make minimum annual operating lease payments for buildings and equipment. The minimum annual lease payments required are approximately as follows:

FISCAL YEAR	MINIMUM LEASE PAYMENTS
	(in thousands of dollars)
2002	$ 3,241
2003	$ 2,514
2004	$ 2,282
2005	$ 1,858
2006	$ 1,836
thereafter	$ 3,672

9| PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

The provision for unpaid claims, including adjustment expenses, by major claims category includes:

	2001		2000	
	GROSS	REINSURERS' SHARE	GROSS	REINSURERS' SHARE
	(in thousands of dollars)			
Automobile Insurance Division				
Liability	$ 696,887	$ 42,126	$ 652,441	$ 35,820
Physical Damage	72,087	—	55,791	—
	768,974	42,126	708,232	35,820
Discontinued Operations				
Personal/Commercial	9,370	—	9,793	301
Reinsurance Assumed (Note 11)	—	—	4,118	—
	9,370	—	13,911	301
	$ 778,344	$ 42,126	$ 722,143	$ 36,121

The provision for unpaid claims includes $358.1 million (2000 - $323.3 million) in unpaid long-term disability claims, income replacement and personal care claims. This provision is discounted to reflect the time value of money using an interest rate of 3% for two years and 2% thereafter for Personal Injury Protection Plan claims and 8% for 10 years and 2% thereafter for pre-Personal Injury Protection Plan claims.

No catastrophic losses are included in net incurred claims and adjustment expenses during the current fiscal year (2000 - $0.8 million). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Unpaid claim liabilities are carried at a value which reflect their remaining estimated ultimate costs for all accident years.

Changes in the estimate of net unpaid claims, for the Automobile Insurance Division, recognized during the fiscal year ended February 28, 2001 for prior years are:

	ACCIDENT YEARS				
	2000	1999	1998	1997 AND PRIOR	TOTAL
	(in thousands of dollars)				
Net unpaid claims (valuation estimate as at February 29, 2000)	$ 184,151	$ 103,497	$ 84,370	$ 300,409	
Net payments for the year	64,023	14,105	7,898	48,140	
	120,128	89,392	76,472	252,269	
Net unpaid claims (revised valuation estimate as at February 28, 2001)	100,095	81,937	68,529	255,551	
(Redundancy) Deficiency	$ (20,033)	$ (7,455)	$ (7,943)	$ 3,282	$ (32,149)
Prior years (redundancy) deficiency		$ (37,343)	$ (7,599)	$ 31,453	$ (13,489)

The claims settlement processes may involve the use of structured settlements, which are purchased through various financial institutions. As of the balance sheet date, the present value of expected payments total $85.9 million (2000 - $74.4 million) based on various dates of purchase. The Corporation assumes a financial guarantee to make payments to claimants in the event that financial institutions default on payments under the terms of the structured settlement.

Changes in the estimate of net unpaid claims for discontinued operations recognized during the fiscal year ended February 28, 2001 are $4.2 million (2000 - $1.6 million). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

10| INVESTMENT INCOME, NET

	2001	2000
	(in thousands of dollars)	
Total investment income	$ 86,412	$ 77,177
Less allocation to:		
Discontinued operations	142	165
Provision for pension	2,972	2,635
Investment income, net	$ 83,298	$ 74,377

11| DISCONTINUED GENERAL INSURANCE OPERATIONS

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987 and personal and commercial insurance policies effective October 1, 1990.

As of February 28, 2001 the Corporation accepted a third-party offer to purchase the reinsurance assumed business from the Corporation. The offer to purchase was subject to certain terms and conditions, including the execution of a final agreement which took place subsequent to February 28, 2001. Under the terms of the final agreement, the Corporation transferred and assigned to the third party the title, interest and all of the obligations resulting from the uncommuted reinsurance assumed treaties written by the Corporation for the period July 1, 1975 to November 18, 1987 including retrocessional treaties. The obligations include all known or unknown liabilities. The primary liability to the treaty holders remains with the Corporation in the event of the third party's insolvency. As at February 28, 2001 the provision for reinsurance assumed has been included as part of "Due to other insurance companies" on the balance sheet of the Corporation.

Claims costs and expenses on personal and commercial policies will be incurred until all claims on existing policies are settled.

Discontinued operations resulted in a net loss of $0.1 million in 2001 (net income of $0.5 million in 2000). Included in the provision for unpaid claims is $9.4 million (2000 - $13.9 million) relating to discontinued operations.

12| NET INCOME FOR THE YEAR

The net income (loss) for the year by line of business is:

	2001	2000
	(in thousands of dollars)	
Basic insurance	$ 38,100	$ 40,514
Extension insurance	(6,130)	(3,781)
Special risk extension	14,658	14,178
Discontinued operations	(148)	517
	8,380	10,914
Net income for the year	$ 46,480	$ 51,428

13| FAIR VALUE DISCLOSURE

The fair value of financial assets and liabilities, other than cash and investments (note 4) and provision for unpaid claims (note 9), approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

14| REPAYMENT TO THE PROVINCE OF MANITOBA

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficit of the General Insurance Division's Personal and Commercial operations in the amount of $26,867,000 with no obligation for repayment by the Corporation. On March 31, 1994, the Corporation repaid $19,000,000 and on March 9, 1999 the remaining $7,867,000 was repaid to the Province of Manitoba.

15| COMMITMENT

The Corporation is committed to a one-time surplus discount of 16.6% on basic compulsory motor vehicle premiums written for the period March 1, 2001 to February 28, 2002. The surplus discount will reduce the Basic Insurance Rate Stabilization Reserve by an estimated amount of $76.4 million.

16| COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year financial statement presentation.

Auditors' *Report*

TO THE WORKERS COMPENSATION BOARD OF MANITOBA

We have audited the balance sheet of the Workers Compensation Board of Manitoba as at December 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the board as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Winnipeg, Manitoba
February 27, 2001

Balance Sheet

December 31, 2000

	2000 ($000s)	1999 ($000s)
ASSETS		
Cash (Note 4)	$ 1,500	$ (1,210)
Receivables (Note 5)	21,881	20,823
Investment portfolio (Note 6)	704,353	677,312
Deferred assessments	23,348	26,805
Capital assets (Note 7)	13,665	13,493
	$ 764,747	$ 737,223
LIABILITIES AND FUND BALANCES		
Payables and accrued liabilities (Note 8)	$ 12,080	$ 9,664
Benefit liabilities (Note 10)	675,084	650,437
Total liabilities	687,164	660,101
Rate stabilization fund balance (Note 11)	57,565	57,104
Accident fund balance (Note 11)	20,018	20,018
	$ 764,747	$ 737,223

Signed on behalf of the Board

Wally Fox-Decent.

Wally Fox-Decent
Chairperson, Board of Directors

Dayna Hammond
Finance Committee of the Board of Directors

The accompanying notes are an integral part of the financial statements.

Statement of Operations
Year Ended December 31, 2000

	2000 ($000s)	1999 ($000s)
REVENUE		
Premiums - Class E employers	$ 119,582	$ 110,328
Premiums - Self-insured employers	16,388	18,824
Total premium revenue	135,970	129,152
Investment income required to support actuarially determined benefit liabilities (Note 6)	49,057	48,333
Investment income exceeding actuarial requirement (Note 6)	21,300	13,500
Investment income	70,357	61,833
Total revenue	206,327	190,985
EXPENSES		
Claim costs incurred (Note 10)	157,502	135,264
Operating expenses (Note 12)	44,907	42,445
Total expenses	202,409	177,709
Operating surplus before deferred assessments	3,918	13,276
Decrease in deferred assessments	(3,457)	(4,772)
OPERATING SURPLUS	$ 461	$ 8,504

Statement of Changes in Fund Balances
Year Ended December 31, 2000

	2000	1999
RATE STABILIZATION FUND BALANCE		
Balance at beginning of year	$ 57,104	$ 48,600
Allocation from operating surplus	461	8,504
Balance at end of year	$ 57,565	$ 57,104
ACCIDENT FUND BALANCE		
Balance at beginning of year	$ 20,018	$ 20,018
Allocation from operating surplus	0	0
Balance at end of year	$ 20,018	$ 20,018

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Year Ended December 31, 2000

	2000 ($000s)	1999 ($000s)
OPERATING CASH FLOWS		
Premiums from employers	$ 135,199	$ 129,773
Investment revenue	33,633	26,138
Payments to claimants or third parties on their behalf	(132,855)	(137,301)
Purchases of administrative goods and services	(42,134)	(36,953)
Net cash used by operating activities	(6,157)	(18,343)
INVESTING CASH FLOWS		
Proceeds on disposal of investments	1,115,843	1,102,002
Purchase of investments	(1,103,415)	(1,102,432)
Capital asset acquisitions, net of disposals	(3,561)	(3,975)
Net cash provided (used) by investing activities	8,867	(4,405)
Net increase (decrease) in cash	2,710	(22,748)
Cash at beginning of year	(1,210)	21,538
Cash at end of year (Note 4)	$ 1,500	$ (1,210)

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
Year Ended December 31, 2000

1. Nature of Operations

The Workers Compensation Board of Manitoba (the board) operates under the authority of the Workers Compensation Act. The board is responsible, in accordance with the provisions of the Act for:

- administering payments to injured workers and suppliers of services to injured workers;
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and
- investing surplus funds.

An independent Workers Compensation Appeal Commission is established under the Act to make final rulings on any appeals pertaining to the board's assessment or benefits decisions.

The board's mission is to provide superior compensation services to Manitoba workers and employers in a manner that is sensitive, responsive and effective in order to minimize the impact of workplace injuries.

The board's funding policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The board is committed to operating on a fully-funded basis to a level-funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the worker's period of exposure to the elements which lead to the injury or disease.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the board to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The board's significant accounting policies are as follows:

Investments
Short-term investments are carried at cost. The remaining investments are recorded at cost adjusted toward market value using the moving average market method. Unrealized and realized gains and losses are deferred and amortized on a straight-line basis over 60 months. Interest and dividend income are recognized in the period earned.

Deferred assessments
Deferred assessments represent the board's estimate of premiums which will be received in the future from the self-insured employers to fund the future costs of existing claims that have arisen from their employees. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee.

Capital assets
Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Systems development	3 - 5 years
Furniture, fixtures and equipment	5 years
Building renovations	10 years
Building	40 years

Employee future benefits
The cost of providing pension and other post-employment benefits to employees is recorded as an expense in the period in which employees' services are rendered. The corridor approach is used to record actuarial gains and losses for post employment benefits other than pensions. For employee pensions, actuarial gains and losses are amortized over the expected average remaining service life of active employees covered by the plan, beginning in the year following identification.

Benefit liabilities
The board's independent consulting actuary conducts a review of and reports on the benefit liabilities of the board at each year-end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and provisions for the future expenses of administering the existing claims. The figures are estimates made from current information in accordance with procedures prescribed by the Canadian Institute of Actuaries.

Premium revenue
The operations of the board are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers. Employers registered within Class E are subject to collective liability, and assessment premiums are determined by applying applicable industry assessment rates to the employers' reported payrolls for the current year.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers.

Foreign currency translation
Assets and liabilities, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as the related investment gains, losses, revenues or expenses.

3. Change in Accounting Policy

Beginning in 2000, the board changed its accounting policy for employee future benefits, based on the new CICA accounting standard "Employee Future Benefits". Post-employment benefits other than pensions were previously recorded as an expense when paid. Pension benefits were previously recorded as an expense when contributions were paid. Under the new policy, the cost of both of these benefits is charged to expense in the period in which employees' services are rendered. This change has been applied prospectively from January 1, 2000, and the transitional asset (pensions) and transitional liability (other post-employment benefits) determined as at that date are being amortized to operations over the expected average remaining service life of active employees, being 15 years.

4. Cash

	2000	1999
	($000s)	($000s)
Money market instruments	$ 21	$ 102
Bank balances	3,465	959
Cheques issued and outstanding	(1,986)	(2,271)
	$ 1,500	$ (1,210)

The board has established an operating line of credit with its principal banker in the amount of $6,000,000. Advances on the line of credit bear interest at the bank's prime interest rate. The board has also established a revolving credit facility with the Treasury Division of the Province of Manitoba in the amount of $40,000,000. Loan advances bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

5. Receivables

Premiums for Class E employers	$ 17,272	$ 15,957
Allowance for doubtful accounts	(1,841)	(1,690)
	15,431	14,267
Prepaid employee pension plan costs	56	-
Premiums for self-insured employers	2,260	2,220
Mortgages	2,290	2,294
Sundry	1,844	2,042
	$ 21,881	$ 20,823

Mortgages receivable bear interest at rates ranging from 6.0% to 7.0% per annum and are due in 2001 and 2003.

6. Investment Portfolio

The book value and the estimated fair value (market value) of the investments are:

	2000				1999			
	Book Value ($000s)	**Estimated Fair Value ($000s)**	**Average Term to Maturity (years)**	**Market Rate of Return**	**Book Value ($000s)**	**Estimated Fair Value ($000s)**	**Average Term to Maturity (years)**	**Market Rate of Return**
Cash and short-term investments	$ 26,808	$ 26,808	0.2	5.7%	$ 55,699	$55,699	0.1	4.8%
Bonds								
Government of Canada	164,645	167,208	-	-	160,853	151,599	-	-
Provincial	83,270	84,743	-	-	94,772	88,499	-	-
Corporate	110,512	110,982	-	-	78,078	74,636	-	-
	358,427	362,933	10.1	11.2%	333,703	314,734	8.9	(2.4%)
Mortgages	8,372	8,229	2.7	5.5%	9,555	9,664	3.4	6.8%
Real estate	17,489	17,459		12.8%	7,568	7,786	-	10.8%
Equities								
Canadian	163,479	154,330	-	17.6%	155,376	154,452	-	11.6%
U.S.	84,763	87,023	-	14.4%	46,135	45,241	-	7.9%
Europe, Australia and Far East	116,047	115,158	-	(5.9%)	126,692	173,467	-	33.5%
Emerging markets	8,272	8,033	-	(15.8%)	4,810	5,832	-	47.5%
	372,561	364,544	-	8.0%	333,013	378,992	-	21.6%
Total	783,657	$ 779,973	-	8.1%	739,538	$766,875	-	8.9%
Deferred realized gains	(79,304)				(62,226)			
Net book value of investments	$ 704,353				$ 677,312			

Reconciliations of the changes for the year in the deferred unrealized and realized gains (losses) balances are as follows:

	2000 ($000s)	1999 ($000s)
Deferred Unrealized Gains (Losses)		
Balance, beginning of year	$ 27,337	$ 2,317
Unrealized net gains (losses) for the year	(21,425)	32,694
	5,912	35,011
Amortization during year	(9,596)	(7,674)
Balance, end of year	$ (3,684)	$ 27,337
Deferred Realized Gains		
Balance, beginning of year	$ 62,226	$ 89,394
Realized net gains for the year	47,754	853
	109,980	90,247
Amortization during year	(30,676)	(28,021)
Balance, end of year	$ 79,304	$ 62,226

Investment Income

Investment income was derived from the following sources:

	2000	1999
Cash and short-term investments	$ 3,180	$ 2,975
Bonds	22,537	20,886
Mortgages	711	740
Real estate	1,399	1,555
Canadian equities	2,118	699
Foreign equities	3,754	1,731
Amortization of deferred unrealized gains	9,596	7,674
Amortization of deferred realized gains	30,676	28,021
Loan interest	(65)	(208)
Expenses	(3,549)	(2,240)
Investment income	$ 70,357	$ 61,833

Based on the 7% discount rate (1999 – 7%) used to actuarially determine the benefit liabilities, the required investment return on average investment assets is $49,057,000 (1999 - $48,333,000). Total investment income of $70,357,000 (1999 - $61,833,000) exceeded the actuarial requirement by $21,300,000 (1999 - $13,500,000). The analysis of investment income presented in the Statement of Operations has been disclosed for informational purposes. This provides a comparison of the return on investments required to support benefit liabilities and the excess of actual returns over this amount.

Market risk

The board invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The board does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 96% (1999 – 95%) have at least an A credit rating. The board does not anticipate that any borrowers will fail to meet their obligations.

Securities lending

The board may lend, for fee income, any of its investments to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105% of the market amount of the investment instruments borrowed. As of December 31, 2000 secured loans amounted to $75,769,174 (1999 -$63,628,000).

Foreign exchange risk management

The board has certain investments denominated in foreign currencies. During 2000 the board did not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio.

Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table at the beginning of this note discloses the remaining term to maturity of the board's fixed term investments.

7. Capital Assets

($000s)	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Computer equipment	$11,947	$8,833	$3,114	$ 4,346
Systems development projects	7,683	4,796	2,887	1,439
Furniture, fixtures and equipment	2,358	1,940	418	293
Building renovations	3,081	806	2,275	2,473
Building and land	5,082	111	4,971	4,942
	$30,151	$16,486	$13,665	$13,493

8. Payables and Accrued Liabilities

	2000 ($000s)	1999 ($000s)
Accounts payable and accrued liabilities	$ 3,214	$ 3,119
Claimant annuities payable	3,256	2,258
Community Initiatives and Research Program grants	1,815	1,521
Deposits from self-insured employers	1,384	1,243
Employee vacation entitlements	931	531
Other payables	1,298	992
Sick leave plan	182	-
	$ 12,080	$ 9,664

9. Employee Future Benefits

The board has a defined benefit plan that provides pension benefits to employees based on length of service and highest average earnings. The board also has a benefit plan that provides for a payment of accumulated sick leave credits to employees that meet established criteria upon termination or retirement.

Information about the board's employee benefit plans as at December 31, is as follows:

	Pension Plan		Sick Leave Plan	
($000s)	**2000**	**1999**	**2000**	**1999**
Fair value of plan assets	$ 42,728	$ 38,672	$ -	-
Accrued benefit obligation	40,278	36,326	1,514	-
Funded status – plan surplus (deficit)	$ 2,450	$ 2,346	$ (1,514)	-
Accrued benefit asset (liability)	$ 56	-	$ (182)	-

As the board has restricted access to the pension plan surplus of $2,346,000 (actuarially determined as at January 1, 2000), the board has determined an expected future benefit of $675,000 existed at the date of adoption of the standard and it is this amount that is being amortized to operations.

While the obligation to payout sick leave credits is unfunded in the sense that the board does not hold segregated assets to fund the obligation, the board itself has sufficient assets to support its liabilities.

The significant actuarial assumptions adopted in measuring the board's accrued benefit obligations are:

	Pension Plan		Sick Leave Plan	
	2000	**1999**	**2000**	**1999**
Discount rate	7.0%	6.5%	7.0%	n.a.
Expected long term rate of return on plan assets	7.5%	6.5%	7.0%	n.a.
Rate of compensation increase	5.0%	5.0%	2.75%	n.a.
Expected average remaining service life (in years)	15	17	15	n.a.

Other information about the board's employee benefit plans is as follows:

	Pension Plan		Sick Leave Plan	
($000s)	**2000**	**1999**	**2000**	**1999**
Plan expense	$1,177	$1,083	$ 276	-
Employer contributions	1,233	1,085	-	-
Employee contributions	1,035	918	-	-
Benefits paid	1,511	1,181	94	-

10. Benefit Liabilities

An analysis of the components of and changes in benefit liabilities is as follows:

	2000						1999
($000s)	**Short-Term Disability**	**Long-Term Disability**	**Survivor Benefits**	**Healthcare Benefits**	**Rehabilitation Services**	**Total**	**Total**
Balance at beginning of year	$71,560	$343,533	$157,389	$56,095	$21,860	$650,437	$652,474
Add: Claim costs incurred							
Current year	59,052	(136)	7,948	26,868	4,025	97,757	105,454
Prior years	(3,972)	52,077	1,566	14,952	(4,878)	59,745	29,810
	55,080	51,941	9,514	41,820	(853)	157,502	135,264
Less: Claim payments made							
Current year	22,796	309	293	12,021	58	35,477	33,053
Prior years	22,143	41,037	14,618	16,200	3,380	97,378	104,248
	44,939	41,346	14,911	28,221	3,438	132,855	137,301
Balance at end of year	$81,701	$354,128	$151,992	$69,694	$17,569	$675,084	$650,437

The liability for short-term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long-term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, and estimated future pension payments. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace accidents. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are supplied externally to the board.

Included in long-term disability is the board's liability, in the amount of $60,417,000 (1999 - $61,417,000) for the future cost of claims relating to certain latent occupational diseases which may have occurred in the current year or prior years, but which may not be recognized and reported for a number of years due to the extended latency periods of such diseases.

Also included in benefit liabilities is a provision in the amount of $39,325,000 (1999 - $40,989,000) for the future cost of administering existing claims.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

11. Fund Balances

The rate stabilization fund balance protects the board from the risk that a catastrophic event, causing either an increase in the value of the liabilities or a decrease in the value of assets, could unfairly burden Class E employers and potentially cause the accident fund balance to become unfunded or prompt the board to consider exceptional increases in assessment rates.

The accident fund balance protects the board and its stakeholders from general business risks and is collectively attributable to the Class E employers.

12. Operating Expenses

	2000 ($000s)	1999 ($000s)
Salaries, employee benefits and training	$ 26,166	$ 22,628
Information technology service fees	2,383	2,691
Professional fees	1,887	2,365
Occupancy costs	1,614	1,448
Office supplies and services	1,088	1,351
Communications	1,016	1,168
Donations	121	106
Amortization of capital assets	3,389	4,247
Administrative expenses	37,664	36,004
Recoveries from the Government of Canada	(522)	(502)
Recoveries from the Province of Manitoba	-	(116)
Community Initiatives and Research Program grants	975	1,000
Appeal Commission	931	950
Workplace Safety and Health, and other (Note 13)	5,859	5,109
Total operating expenses	$ 44,907	$ 42,445

Of the total operating expenses, $3,326,000 (1999 - $3,413,000) is allocated to the self-insured employers based on the current year's transaction volumes.

The board administers the Government Employees Compensation Act program for the Government of Canada. Until June 30, 1999, the board fully administered The Criminal Injuries Compensation Act for the Province of Manitoba. As of July 1, 1999, the board provides administrative assistance, relating to medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The operation of these programs is reflected only to the extent of the recoveries of administration expenses.

During 2000, the board approved 8 grants to fund research and education projects, totalling $975,000, that will benefit both injured workers and employers (1999 - 9 grants totalling $1,000,000).

13. Related Party Transactions

Pursuant to The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the class funds under The Workers Compensation Act. For 2000, the amount charged to operations under this provision is $5,093,000 (1999 - $4,343,000).

Also, under Section 84.(1) of The Workers Compensation Act, the Province may pay the costs incurred in respect of worker advisors and may recover them from the class funds. For 2000, the amount charged to operations under this provision is $766,000 (1999 - $766,000).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the board may be considered related. The provincial government is also a self-insured employer under The Workers Compensation Act. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

Included in the board's investment portfolio are guaranteed debentures issued by the Province of Manitoba, in the amount of $21,439,000 (1999 - $22,225,000).

14. Benefit Liabilities for Self-Insured Employers

Note 10 contains a complete description of the components of the board's benefit liabilities for all employers. An analysis of the portion relating to the self-insured employers is as follows:

	2000						1999
($000s)	**Short-Term Disability**	**Long-Term Disability**	**Survivor Benefits**	**Healthcare Benefits**	**Rehabilitation Services**	**Total**	**Total**
Balance at beginning of year	$6,325	$36,673	$27,935	$6,888	$1,817	$79,638	$81,658
Add: Claim costs incurred							
Current year	4,416	18	884	3,071	213	8,602	11,265
Prior years	(414)	5,444	1,790	588	(677)	6,731	4,176
	4,002	5,462	2,674	3,659	(464)	15,333	15,441
Less: Claim payments made							
Current year	2,142	7	37	1,032	2	3,220	3,700
Prior years	2,188	4,921	3,080	2,363	259	12,811	13,761
	4,330	4,928	3,117	3,395	261	16,031	17,461
Balance at end of year	$5,997	$37,207	$27,492	$7,152	$1,092	$78,940	$79,638

Included in the premiums and claim costs are payments in the amount of $2,675,000 (1999 - $2,077,000) made by self-insured employers directly to claimants on the board's behalf. These amounts are reported to the board for inclusion in these financial statements.

Included in the benefit liabilities balance is $6,254,000 (1999 - $6,505,000) for the self-insured employers' share of the long latent occupational disease liability; and $3,438,000 (1999 - $3,890,000) for the future cost of administering existing claims.